



2026 FINANCIAL REPORT



TABLE OF CONTENTS

CORPORATE GOVERNANCE STATEMENT	1
DIRECTORS REPORT.....	2
REMUNERATION REPORT (AUDITED).....	11
AUDITOR'S INDEPENDENCE DECLARATION	18
CONSOLIDATED PROFIT OR LOSS AND OTHER CONSOLIDATED INCOME	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
CONSOLIDATED STATEMENT OF CASH FLOWS.....	23
NOTES TO THE FINANCIAL STATEMENTS.....	24
CONSOLIDATED ENTITY DISCLOSURE STATEMENT.....	67
DIRECTORS' DECLARATION.....	68
INDEPENDENT AUDITOR'S REPORT	69
ADDITIONAL INFORMATION REQUIRED BY ASX	78

CORPORATE GOVERNANCE STATEMENT

AXP Energy Limited ('AXP' or 'Company'), through its Board of Directors ('Board'), is responsible for the overall corporate governance of AXP and has adopted as a guiding principle that it acts honestly, conscientiously and fairly in accordance with the law and in the interests of the shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board has adopted a suite of governance materials, which are available in the Corporate Governance section of the Company's website. The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value and help to engender the confidence of the investment market.

ASX Corporate Governance Principles and Recommendations

This statement sets out the material governance principles and processes adopted by the Board. The Board supports the Corporate Governance Principles and Recommendations, 4th edition as released by the ASX Corporate Governance Council ('ASX Principles' or 'ASXCGC'). The Board considers and applies these recommendations to the extent that there is a sound reason to do so, given the circumstances of the Company. The Corporate Governance Statements were reviewed and approved by the Board on 30 September 2026 and are available on the Company's website, www.axpenergy.com.

DIRECTORS REPORT

The Directors of AXP Energy Limited ('AXP' or 'Company'), present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2026.

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

Directors

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

Mr Samuel Jarvis – Non-Executive Chairman. Member of the Audit Committee. Chairman of Remuneration and Nominations Committee.

Mr Samuel Jarvis has extensive experience in commercial management and development drilling as well as knowledge of the upstream oil and gas value chain. For the past 18 years, he has held senior executive roles with leading global oil and gas drilling companies in SE Asia.

Mr Jarvis graduated with Honours in Engineering in 1995 and also holds a degree in Economics with a Finance Major.

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

Relevant interest: 10,712,275 fully paid ordinary shares.

Mr Daniel Lanskey – Managing Director and Chief Executive Officer

Mr Lanskey is an experienced executive who has held Senior Management positions and Director roles with public companies on the ASX, NASDAQ, TSXV and OTCQX exchanges. He has over 20 years' experience in equity capital markets across a diverse range of sectors including oil & gas, resources, information technology and life science, where he has overseen multiple Initial Public Offerings (IPOs) and capital raisings.

In the oil & gas sector, Mr Lanskey was a founder and Managing Director/CEO of Austex Oil Limited (previously ASX: AOK), from 2007 until June 2014. During his tenure, the Company drilled over 50 successful oil and gas wells in Oklahoma and Kansas between 2009 and June 2014. Austex was a licensed oil and gas operator in Oklahoma and Mr Lanskey was an integral driver of the business from startup to successfully operating a number of oil fields in Kansas and Oklahoma. During this period, he also oversaw consistent revenue growth, which rose to more than \$US30M per annum by FY2014. He has had continued involvement in the USA onshore oil and gas industry through a private operating company, Turntable Energy Limited, an Australian unlisted Public Company.

He co-founded and served as Managing Director of Qmines Limited (ASX: QML) from 2020-2021, overseeing its successful IPO in 2021, and was also a Non-Executive Director of Macarthur Minerals Limited (ASX: MIO, TSXV: MMC) from September 2019 to September 2021.

He holds a postgraduate business degree in Entrepreneurship and Venture Development from Griffith University, Brisbane, Australia.

Other current or former listed directorships in the last 3 years: Mr Lanskey currently serves as a Non-Executive Director of TSXV listed Timeless Capital Inc. (TSXV: TLC), appointed 2 August 2018, and NASDAQ listed Innovation Beverage Group (NASDAQ: IBG), appointed February 2024.

Relevant interest: 56,000 fully paid ordinary shares.

Mr Stuart Middleton – Non-Executive Director. Chairman of the Audit Committee. Member of Remuneration and Nominations Committee.

Mr Middleton has extensive international resources experience as the Group Executive for TDS, Banpu Plc, Asian Energy Company (coal, oil, gas and power) with assignments assessing, managing and developing resources assets in China, Mongolia, Indonesia, Australia and Thailand, also previously having managed and developed major operations in Australia, the USA, Indonesia and Colombia.

A 40+ year veteran of the energy & mining industry, Stuart has a strong business development base combining both Mining Engineering (Hons.) and a Masters in Commerce (majoring in Finance & Management) degrees (The University of Sydney) with operational, commercial and technical foundations, having held various C-suite/VP executive positions and statutory management roles across multiple mining ventures.

During his engagements with major mining houses, Stuart has served as a Director and CEO (GM) of numerous companies and subsidiary or affiliated companies and held statutory positions as Registered Mine Manager.

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

Relevant interest: 2,472,341 fully paid ordinary shares.

Mr James Dack OAM – Non-Executive Director – resigned 18 August 2026

Mr Dack has held senior management roles in both the private sector and the NSW government and is a recognised community leader. As founding partner of one of Australia's largest and most successful real estate firms, Mr Dack had a highly successful +25-year career in the residential property sector before establishing his own private investment company.

Prior to this, Mr Dack was a senior public servant where ultimately assumed responsibility for the NSW Public Hospital Payroll System in the Department of Health, after starting his career as a porter at St Vincent's Hospital.

As a sophisticated private investor since 2014, Mr Dack has made strategic investments across a diversified group of industries including technology, consumer goods and resources & energy.

Outside of his business interests, he has a 40+ year association with the Police Citizens Youth Clubs NSW (PCYC), where he continues to sit on the Board of Directors. PCYC NSW is a registered charity which operates 66 clubs across the state with over 70,000 youth members to support young people at at-risk youth through direct engagement and community partnerships.

In recognition of his achievements and service to the Australian community, Mr Dack was awarded the Medal of the Order of Australia (OAM) in 2023.

Other current or former listed directorships in the last 3 years: Mr Dack resigned as a director of The Calmer Co. International Limited (ASX: CCO) on 5 November 2024. Mr Dack was appointed as a Director on 29 September 2022.

Relevant interest: 3,826,667 fully paid ordinary shares.

Company Secretary

Mr Robert Edward Lees

Mr. Lees is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the past 23 years he has provided company secretarial services to small ASX-listed companies. Mr Lees is the Company Secretary & Chief Financial Officer of Lithium Plus Minerals Ltd (ASX: LPM) and Moonlight Resources Ltd (ASX: ML8). He is also Company Secretary of Air Change International (NSX: AC1), Olivers Real Food Ltd (ASX: OLI) and Tian An Australia Ltd (ASX: TIA).

Director Meetings

The number of Director and audit committee meetings held, and the number of meetings attended by each of the Directors of the Group during the financial year were:

DIRECTOR	DIRECTORS MEETINGS	AUDIT COMMITTEE MEETINGS
	Attended / Held ⁽¹⁾	Attended / Held ⁽¹⁾
Samuel Jarvis	5 / 5	2 / 2
Daniel Lanskey	5 / 5	
Stuart Middleton	5 / 5	2 / 2
James Dack	5 / 5	

(1) Held whilst the director was in office

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

Principal Activities

The principal activities of the Group continued to be oil and gas exploration, development and production in the United States of America.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the year. No recommendation for the payments of dividends has been made.

Financial Review

The Group incurred a loss for the year after tax of \$2,182,438 (2025: \$3,919,483 loss).

a) Profit or Loss (from continued operations)

- Oil sales revenue declined to \$478,664 (FY25: \$495,965), impacted by weaker pricing and reduced volumes due to weather disruptions and well workovers.
- Gas-to-power operations contributed \$45,024 (FY25: \$91,829) in incremental revenues.
- Lease and field operating costs rose to \$466,069 (FY25: \$590,646), driven by higher equipment rentals, labour and regulatory costs.
- Depreciation, depletion and amortisation increased to \$309,148 (FY25: \$516,313) following additions to property, plant and equipment, development and producing assets, and right-of-use assets.
- Other expenses decreased to \$1,556,472 (FY25: \$1,791,870), reflecting focus on cost control.
- Impairments recognised in 2026 were \$542,700 (2025: \$1,718,000).
- A change in estimated asset retirement obligations resulted in a charge of \$0 (FY25: \$174,574).

- Other gains increased to \$244,331 (FY25: \$32,226), with FY26 benefitting from a one-off surplus equipment sales.

b) Financial Position

- The Group's net assets / equity decreased 2% to \$2,980,105 (FY25: \$2,932,664).
- The Group had a net working capital deficit of \$617,012.
- During the year, the Company raised a total of A\$2,374,885 (before costs) through the placement of 41,153,193 shares at A\$0.025 per share in October 2025 and 73,845,883 shares at A\$0.012 in March 2026.

c) Cash flows

- The Group ended the year with cash and cash equivalents of \$60,596 (FY25: \$424,752).
- Net cash outflow in operating activities of \$1,406,942, reflecting operating payments exceeding receipts.
- Net cash outflow in investing activities of \$786,392, relating to payments of oil and gas assets, property, plant and equipment, offset by proceeds from security deposits and bonds.
- Net cash inflow in financing activities of \$1,828,933, driven by share issue proceeds and offset by repayments of borrowings and lease liabilities.

Operations Review

AXP Energy Limited's strategic focus on gas-to-power initiatives at its Pathfinder Field was its primary operational focus. During the period, the company concentrated on enhancing efficiencies at the Pathfinder site, integrating gas-to-power operations with bitcoin mining activities. Revenue was generated from both oil sales and power generation, aligning with AXP's strategy of repurposing stranded gas assets for high-efficiency power generation targeted at digital infrastructure clients.

The Company is now pursuing opportunities and new jurisdictions in the USA, most notably Oklahoma, to accelerate access to gas, with the goal of increasing power generation from 1.5 MW/hour to 25 MW/hour. New sites are under review in Oklahoma, due to long lead times for drilling permits in Colorado, with the first well being drilled there at the time of this writing.

AXP operates 24 oil & gas wells in Colorado and much of the focus throughout the year, apart from developing the gas-to-power/bitcoin mining operation, was undertaking ongoing fieldwork to maximise oil production and sales. In addition to its Colorado operations, after the end of the quarter, AXP secured 1,400 acres across two oil and gas leases in Kay County, Oklahoma. These leases provide over 30 potential vertical well drilling locations targeting the Mississippian Lime and shallower multiple stacked Pennsylvanian-aged formations. AXP's Managing Director, leveraging his proven track record and expertise in Kay County, aims to expedite field development. Drilling of the first well, the Charlie #1 has commenced and is targeting multiple stacked pays with zones of interest including the Oswego Lime at 3,700 feet, the Mississippi Chat at 4,270 feet, the Mississippi

Lime at 4,300 feet and the Wilcox Formation at 4,700 feet. AXP Energy owns a 100% Working Interest and an 81.25% Net Revenue Interest in the well which is located approximately 8 miles southwest of Ponca City and a large oil refinery.

Key Business Risks

AXP Energy Limited operates in a dynamic environment that presents a range of risks that may impact its operational and financial performance. The Board and management actively monitor these risks and implement mitigation strategies where possible. Key risks include:

1. Commodity Price and Market Risk

The Company's revenues and profitability are directly linked to oil and natural gas prices, which are subject to significant volatility due to global supply and demand dynamics, geopolitical events, and macroeconomic conditions. Prolonged periods of low prices could adversely impact cash flow, asset values, and shareholder returns.

2. Regulatory and Permitting Risk

The Company is required to obtain and maintain permits, licences, and approvals from multiple regulatory bodies in the United States. Delays or denials in permitting, or changes to environmental or operating regulations, could materially affect the timing and cost of planned development activities, particularly in Colorado.

3. Legal and Regulatory Risk

The Company is subject to extensive federal, state, and local laws in the United States, including those related to environmental protection, health and safety, taxation, royalties, and corporate governance. Non-compliance, changes in law, or adverse regulatory action could result in fines, penalties, restrictions, or litigation, which may have a material impact on operations, costs, and reputation.

4. Operational and Development Risk

Exploration, drilling, and production activities are subject to technical and operational risks, including drilling results, equipment failures, well performance variability, and supply chain constraints. These risks may lead to cost overruns, delays, or lower-than-expected production outcomes.

5. Gas-to-Power Strategy Execution Risk

The Company's growth strategy includes the development of gas-to-power projects, which requires the integration of upstream gas production with power generation assets. Risks include capital availability, project execution challenges, regulatory approvals, and power market fluctuations. Any delays or cost increases could impact anticipated returns.

6. Environmental, Climate and ESG Risk

AXP operates in an industry subject to increasing scrutiny regarding carbon emissions, climate change, and sustainability practices. Changes in policy, investor sentiment, or

community expectations may result in higher compliance costs or restrictions on operations. The Company is committed to managing its environmental footprint and aligning development with the energy transition.

7. Financial and Liquidity Risk

The Company's ability to fund operations and growth initiatives depends on access to sufficient capital and operating cash flow. Fluctuations in commodity prices, interest rates, or investor appetite for energy assets may restrict financing options and impact liquidity.

8. Counterparty and Joint Venture Risk

AXP conducts operations with partners, contractors, and service providers. Failure by counterparties to meet their obligations, or misalignment of joint venture objectives, could adversely affect project execution and financial performance.

9. Health and Safety Risk

The oil and gas industry involves inherent health and safety risks, including exposure to hazardous environments, equipment failures, and potential accidents. A significant health or safety incident could result in serious injury, regulatory penalties, reputational damage, or operational shutdowns. Ensuring a strong safety culture and compliance with occupational health and safety regulations is critical to sustaining operations and protecting both personnel and the community.

10. Workforce and Retention of Key Personnel Risk

AXP's success is highly dependent on the expertise and leadership of its Board, senior management, and technical personnel. The loss of key individuals, or the inability to attract and retain experienced staff, could hinder the execution of strategic initiatives, delay operational progress, and impact investor confidence. In addition, competition for skilled labour in key US basins may increase costs or limit the Company's ability to scale operations effectively.

11. Weather and Natural Disaster Risk

AXP's operations are exposed to adverse weather conditions and natural events such as tornadoes, flooding, extreme cold, and heatwaves, which are prevalent in certain US operating regions. Severe weather can disrupt drilling, production, and logistics, cause damage to infrastructure, and increase operating costs. Depending on the frequency and severity of such events could impact reliability of operations and financial performance.

AXP Energy Limited has adopted a risk management framework designed to identify, assess, and manage material risks. The Board oversees this framework through regular reporting and governance processes, supported by management's operational controls. The Company employs a range of mitigation measures, including commodity price monitoring and hedging strategies, comprehensive insurance coverage, strict compliance with regulatory obligations, and adherence to best-practice health, safety, and environmental standards.

Investment in workforce development, succession planning, and community engagement further supports the resilience of the business.

While not all risks can be eliminated, the Company is committed to actively managing these exposures to safeguard operations and enhance long-term shareholder value.

Significant Changes in the State of Affairs

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

Environmental Regulations

The Group is subject to a regulatory enforcement matter relating to historical operational compliance with certain environmental regulations. A partial monetary penalty of \$41,000 has been agreed and recognised in the accounts.

In addition, the Group may be liable for a suspended penalty component conditional on future compliance with specific regulatory requirements over a defined two-year period. The Group has engaged an external compliance consultant to monitor and support ongoing adherence to these requirements. Based on legal advice and the implementation of these compliance measures, the possibility of the suspended penalty becoming payable is considered unlikely.

Accordingly, no provision has been recognised for the suspended penalty component due to its contingent nature and the Group's expectation of current and continued compliance.

Proceedings on Behalf of Group

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

Events Arising Since the end of the Reporting Period

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

- On 15 June 2026, the Company announced it had entered into a farm-in agreement with Simpura Latakia Limited ('Simpura') to earn a 25% participating interest in the Block 9 Production Sharing Contract in North-West Syria and paid the US\$100,000 deposit required under the terms of the agreement. On 31 August 2026 AXP announced it had agreed with Simpura to mutually terminate the farm-in agreement. The mutual termination agreement released each party from further obligations and any further payment. The initial deposit of US\$100,000 was retained by Simpura.
- On 18 August 2026, the Company announced the installation at the Edwards Lease in Oklahoma of 320kW natural gas generator. AXP will earn revenue from the supply of natural gas and retain all the revenue from oil production.
- On 2 September 2026, the Company announced the initial flow of 11 barrels of oil an hour during testing while choked back to maintain approximately 100psi pressure. This is from the commencement of a 10-day oil flow testing program, seeking to optimize oil flow while maintaining adequate gas supply.
- The Group has received unsecured cash advances subsequent to year end. The amounts received accrue interest at a rate of 10% per annum and will be either converted to fully paid ordinary shares, or repaid, at the time of the Company's next capital raising.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of emoluments for each key management person of the Group, and for the executives receiving the highest remuneration.

Remuneration Policy

The Group's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives, by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for senior executives, was developed and approved by the Board;
- All senior executives may receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives;
- The Board regularly reviews executive packages by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based on a basket of measures including financial results, share price, production targets, safety and environmental issues. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Australian directors do not receive retirement benefits other than superannuation guarantee contributions.

All remuneration paid to directors and executives is valued at the cost to the Group and is expensed. Shares and options given to directors and executives are valued with reference to services provided, or if this cannot be measured reliably, the fair value of the shares or options granted. Shares are recognised as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology. Performance rights are valued using the share price at the date of grant.

The Board's intention is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration regularly, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum

aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and currently stands at A\$750,000 in total. Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group (but not trade in them) and have in the past been granted options.

Performance of Shareholder's Wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

MEASURE	2026	2025	2024	2023	2022
Basic EPS (US\$)	(0.58) cents*	(1.60) cents*	(2.00) cents*	(2.75) cents*	0.25 cents*
Net (loss) / profit (US\$)	(2,168,918)	(3,913,642)	(4,458,917)	(6,126,214)	606,945
Share Price	A0.50 cents*	A0.10 cents	A0.10 cents	A0.20 cents	A0.40 cents

* During the year, 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.

Remuneration Details

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

POSITION HELD AT 30 JUNE 2026 AND CHANGES DURING PERIOD		DETAILS (DURATION & TERMINATION)
DIRECTORS		
Mr Samuel Jarvis	Non-executive Chairman	No change
Mr Daniel Lanskey	Managing Director and CEO	No change
Mr Stuart Middleton	Non-executive Director	No change
Mr James Dack OAM ¹	Non-executive Director	No change
GROUP KEY EXECUTIVES		
Mr Bradley Mervis ²	CFO	No Change

¹ Resigned 18 August 2026

² Resigned 14 August 2026

2026	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [\$]	%*
	A [\$]	B [\$]	C [\$]	D [\$]	E [\$]	F [\$]		
DIRECTORS								
Mr Samuel Jarvis	48,854	-	5,863	-	-	-	54,717	-
Mr Daniel Lanskey ¹	200,473	-	-	-	-	-	200,473	-
Mr Stuart Middleton	40,712	-	4,885	-	-	-	45,597	-
Mr James Dack ²	15,267	-	4,885	-	-	25,445	45,597	-
GROUP KEY EXECUTIVES								
Mr Bradley Mervis ³	169,634	-	20,356	-	-	-	189,990	-
TOTAL	474,940	-	35,989	-	-	25,445	536,374	-

2025	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [\$]	%*
	A [\$]	B [\$]	C [\$]	D [\$]	E [\$]	F [\$]		
DIRECTORS								
Mr Samuel Jarvis	46,673	-	5,367	-	-	-	52,040	-
Mr Daniel Lanskey	78,622	-	-	-	-	-	78,622	-
Mr Stuart Middleton	38,894	-	4,473	-	-	-	43,367	-
Mr James Dack	4,544	-	1,221	-	-	6,077	11,842	-
Mr Robert Lees ⁴	17,826	-	2,050	-	-	-	19,876	-
Mr Andrew Bald ⁵	8,103	-	932	-	-	-	9,035	-
GROUP KEY EXECUTIVES								
Mr Bradley Mervis	162,058	-	18,637	-	-	-	180,695	-
Mr Tim Hart ⁶	100,000	-	-	-	-	-	100,000	-
TOTAL	456,720	-	32,680	-	-	6,077	495,477	-

* Percentage of performance-based remuneration

A: Salary & Fees

B: Other

C: Superannuation contribution

D: Performance Rights

E: Options

F: Shares to be issued

¹ Mr Lanskey is the sole Director of DK Round Investments Pty Ltd ("DKR"). The Company paid Director fees (inclusive of super) of \$200,473 to DKR. Mr Lanskey is also a Director of Turntable Energy Inc ("Turntable". The Company paid consulting fees of \$40,000 to Turntable.

² Mr Dack receives A\$37,500 per annum of his fixed cash remuneration paid via the issue of 1,000,000 shares at A\$0.0375, with the remainder paid in cash. At 30 June 2026, Mr Dack is owed 750,000 shares to be issued at A\$0.0375. Mr Dack resigned on 18 August 2026.

³ Mr Mervis resigned on 14 August 2026.

⁴ Mr Lees resigned as a Director on 28 February 2025. Mr Lees continued as Company Secretary.

⁵ Mr Bald resigned on 16 September 2024.

⁶ Mr Hart resigned on 1 March 2025.

All non-executive Directors enter into a service agreement with the company in the form of a letter of appointment. The non-executive Directors hold office subject to a shareholder vote. The maximum term of office for non-executive Directors is three years and one-third of the non-executive Directors are required to resign each year. The chairman receives an annual director fee of A\$72,000. The other non-executive Directors receive an annual director fee of A\$60,000.

The Managing Director's term is a 24-month contract and will receive \$200,000 per annum (inclusive of superannuation) or its equivalent in Australian dollars. The Managing Director has a 90-days notice period and no specific termination payments aside from those specified by law.

Share-based Compensation

No performance rights or options were issued as remuneration to Directors or KMPs for the year ended 30 June 2026 (30 June 2025: nil).

Shares Provided on Exercise of Remuneration Options

No options were exercised by Directors or KMP during the year ended 30 June 2026, nor during the year ended 30 June 2025.

No performance rights were exercised by Directors or KMP during the year ended 30 June 2026.

Director and KMP Shareholdings

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

2026	BALANCE 1 Jul 2025	EXERCISE OF RIGHTS	PURCHASED	OTHER	BALANCE 30 Jun 2026
DIRECTORS					
Mr S Jarvis	10,712,275	-	-	-	10,712,275
Mr D Lanskey	56,000	-	-	-	56,000
Mr S Middleton	2,472,341	-	-	-	2,472,341
Mr J Dack ¹	3,326,667	-	-	500,000	3,826,667
SUB-TOTAL	16,567,283	-	-	500,000	17,067,283
GROUP KEY EXECUTIVES					
Mr B Mervis ²	500,000	-	-	-	500,000
SUB-TOTAL	500,000	-	-	-	500,000
TOTAL	17,067,283	-	-	500,000	17,567,283

¹ Mr Dack resigned on 18 August 2026.

² Mr Mervis resigned on 14 August 2026.

KMP Option Holdings

Directors and Key Management Personnel have no listed or unlisted options during the year ended 30 June 2026, nor during the year ended 30 June 2025.

KMP Performance Rights Holdings

There are no performance rights on issue during the reporting period (2025: nil).

The Group's Performance Rights Plan ('Plan') was approved by shareholders at the General Meeting held on 22 November 2024.

END OF REMUNERATION REPORT (AUDITED)

Retirement, Election and Continuation in Office of Directors

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No director other than the Managing Director may remain on the Board for more than three years without re-election. Where a director is appointed during the year, the director will hold office until the next Annual General Meeting and then be eligible for election.

Indemnifying Officers

The Group has entered into Deeds of Indemnity with each of the Directors and Company Secretary and has taken out Directors and Officers Insurance (D&O) on behalf of each of the Directors and Company Secretary.

No liability has arisen under this indemnity as at the date of this report.

Shares Under Option and exercised during the year

52,800,028 Unlisted options issued 13 October 2025 at A\$0.05 per option expiring 13 October 2027 (24 months after issue) have been issued. 16,800,000 of the options have been valued at \$182,065, being the fair value of the services received.

As of 30 June 2026 and the date of this report, there were 54,600,028 shares under option on issue (2025: 1,800,000).

See Note 24 and Note 32 for further information.

Shares under Performance Rights

There were no performance rights on issue as at 30 June 2026 or the date of this report (2025: Nil)

Non-Audit Services

Only audit and review services were performed by the auditors during the fiscal year ended 30 June 2026 (2025: Nil).

Rounding

The company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2026/183*, dated 24 March 2026, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest dollar unless otherwise indicated.

Auditor's Independence Declaration

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

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



Samuel Jarvis
Non-executive Chairman

Dated this 30th day of September 2026

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

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

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the audit of the financial report of AXP Energy Limited and its controlled entities for the year ended 30 June 2026, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the audit.

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 30 September 2026

CONSOLIDATED PROFIT OR LOSS AND OTHER CONSOLIDATED INCOME

CONSOLIDATED GROUP	Note	2026	2025
Continuing operations		\$	\$
Revenue	5	523,688	587,794
Lease and field operating expenses		(466,069)	(590,646)
Depreciation and depletion	6	(309,148)	(516,313)
Other expenses	6	(1,556,472)	(1,791,870)
Impairment expenses	6	(542,700)	(1,718,000)
Change in estimate of asset retirement obligation	20	-	174,574
Finance costs	6	(62,548)	(96,184)
Other gains	6	244,331	32,226
Loss before income tax		(2,168,918)	(3,918,419)
Income tax benefit	7	-	-
Loss for the year from continued operations		(2,168,918)	(3,918,419)
Discontinued operations			
Gain from discontinued operations	27	-	4,777
Loss for the year		(2,168,918)	(3,913,642)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange rate differences on translation of foreign operations		(13,520)	(5,841)
Other comprehensive loss for the year net of tax		(13,520)	(5,841)
Total comprehensive loss for the year		(2,182,438)	(3,919,483)
Loss for the year attributable to:			
Members of the parent entity		(2,168,918)	(3,913,642)
		(2,168,918)	(3,913,642)
Total comprehensive loss attributed to:			
Members of the parent entity		(2,182,438)	(3,919,483)
		(2,182,438)	(3,919,483)
Earnings per share from continuing operations:			
Basic and diluted loss per share (in cents)	10	(0.58)	(1.61)
Earnings per share from discontinued operations:			
Basic and diluted earnings per share (in cents)	10	0.00	0.01
Earnings per share attributable to the equity holders of AXP Energy Limited:			
Basic and diluted loss per share (in cents)	10	(0.58)	(1.60)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED GROUP	Note	30 June 2026 \$	30 June 2025 \$
Current assets			
Cash and cash equivalents	11	60,596	424,752
Trade and other receivables	12	69,209	134,318
Oil in tank inventory	13	12,015	35,247
Other current assets	14	623,719	694,648
Total current assets		765,539	1,288,965
Non-current assets			
Property, plant and equipment	15	111,792	225,946
Development and producing assets	16	318,514	862,871
Exploration and evaluation assets	17	3,301,530	2,243,490
Right of use assets	18	-	628,496
Total non-current assets		3,731,836	3,960,803
Total assets		4,497,375	5,249,768
Current liabilities			
Trade and other payables	19	1,272,631	1,298,578
Lease liability	18	-	490,552
Asset retirement obligation	20	94,431	106,076
Other financial liabilities	21	15,489	55,077
Total current liabilities		1,382,551	1,950,283
Non-current liabilities			
Other financial liabilities	21	61,917	127,669
Lease Liability	18	-	142,581
Asset retirement obligation	20	72,802	96,571
Total non-current liabilities		134,719	366,821
Total liabilities		1,517,270	2,317,104
Net assets		2,980,105	2,932,664
Equity			
Issued capital	22	93,251,296	91,197,419
Reserves	23	377,433	214,951
Accumulated losses		(90,648,624)	(88,479,706)
Total equity		2,980,105	2,932,664

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED GROUP	Issued capital	Share-based payment reserve	Foreign currency reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2024	90,431,638	51,221	134,423	(84,566,064)	6,051,218
Loss for the year	-	-	-	(3,913,642)	(3,913,642)
Movement in FX reserve	-	-	(5,841)	-	(5,841)
Total comprehensive loss	-	-	(5,841)	(3,913,642)	(3,919,483)
Shares issued during the year	817,307	-	-	-	817,307
Share issue costs	(51,526)	-	-	-	(51,526)
Shares to be issued	-	6,063	-	-	6,063
Options issued during the year	-	29,085	-	-	29,085
Balance at 30 June 2025	91,197,419	86,369	128,582	(88,479,706)	2,932,664
Loss for the year	-	-	-	(2,168,918)	(2,168,918)
Movement in FX reserve	-	-	(13,520)	-	(13,520)
Total comprehensive loss	-	-	(13,520)	(2,168,918)	(2,182,438)
Shares issued during the year	2,374,885	-	-	-	2,374,885
Share issue costs	(333,199)	-	-	-	(333,199)
Share based payments	12,191	(6,063)	-	-	6,128
Options issued during the year	-	182,065	-	-	182,065
Balance at 30 June 2026	93,251,296	262,371	115,062	(90,648,624)	2,980,105

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

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED GROUP	Note	2026 \$	2025 \$
Cash flow from operating activities			
Receipts from customers		537,958	576,161
Payments to suppliers and employees		(1,976,081)	(2,153,553)
Interest received		9,127	18,765
Interest paid		(36,946)	(25,072)
Income tax refund		59,000	326,798
Net cash used in operating activities	26	(1,406,942)	(1,256,901)
Cash flow from investing activities			
Payments for exploration and evaluation activities		(1,160,536)	(483,489)
Payments for development and producing activities		(11,886)	(69,491)
Payments for property, plant and equipment		-	(55,000)
Proceeds from disposal of property, plant and equipment		321,720	-
Proceeds from security deposits and bonds		64,310	367,527
Net cash used in investing activities		(786,392)	(240,453)
Cash flow from financing activities			
Proceeds from issue of shares		2,374,885	817,307
Share issue costs		(203,153)	(51,526)
Repayment of borrowings		(146,090)	(375,621)
Principal payment for lease liabilities		(196,709)	(199,343)
Post closing costs recovered from Mountain V Oil & Gas, Inc as part of final closing settlement		-	267,514
Net cash provided by financing activities		1,828,933	458,331
Net (decrease) in cash held		(364,401)	(1,039,023)
Cash at the beginning of the year		424,752	1,464,487
Effects of exchange rate changes on cash & cash equivalents		245	(712)
Cash at the end of the year	11	60,596	424,752

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

NOTES TO THE FINANCIAL STATEMENTS

The financial report includes the consolidated financial statements and notes of AXP Energy Limited ('Parent Entity' or 'Company') and its controlled entities ('Group') of AXP Energy Limited ('AXP') which is a listed public Company, incorporated and domiciled in Australia.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

a) Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report of AXP for the year ended 30 June 2026 was authorised for issue in accordance with a resolution of the Directors on 30 September 2026.

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

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

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

The following is a summary of material accounting policy information.

b) Principles of Consolidation

A controlled entity is any entity over which AXP, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 25 to the financial statements. All controlled entities have a 30 June financial year end.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the Group during the year, their operating results have been included/(excluded) from the date control was gained/(ceased).

All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

c) Revenue

Revenue from contracts with customers is recognised when the Group satisfies a performance obligation by transferring control of goods or services to the customer. Revenue is measured at the transaction price, which is the amount of consideration the Group expects to be entitled to in exchange for those goods or services, net of taxes and royalty interests.

Revenue from the sale of oil and gas is recognised at the point in time when control of the product passes to the customer. This generally occurs when the product is delivered in accordance with contractual terms, title has transferred, and the customer has accepted the product.

Revenue from the sale of electricity is recognised over time as power is delivered to the customer in accordance with the terms of the contract. The amount recognised reflects the electricity supplied during the reporting period.

Certain contracts include performance bonuses based on the operational uptime of power generation equipment. This variable consideration is calculated monthly and recognised when performance conditions for the month are met and it is highly probable that no significant reversal will occur.

d) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted or are substantially enacted as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

State and county severance taxes, ad valorem taxes and production taxes are accounted for as an expense and not an income tax.

e) Trade and Other Receivables

Trade receivables and other receivables are carried at amounts due less any allowance for expected credit losses.

f) Impairment of Non-Financial Assets

i) Property, Plant and Equipment & Development and Producing Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ii) Exploration and Evaluation Assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Each area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each area of interest to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss.

g) Exploration, Evaluation and Development Expenditure and Restoration Provisions

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Development and producing assets are accounted for under AASB 116 Property, Plant and Equipment.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

h) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Items of plant, and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life to the Group. The straight line method of depreciation is used.

The assets residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately from its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds received with the asset's carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

i) Leases

(i) Right-of-use Assets

The Group's right of use assets comprises various plant and equipment under lease.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

j) Foreign Currency Transactions and Balances

(i) Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The parent entity's functional currency is A\$, while its subsidiaries have a US functional currency. The consolidated financial statements are presented in US\$.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. The average foreign exchange rate for 12 months ended 30 June 2026 was 1.4738 (2025: 1.5427). Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate. The closing exchange rate as at 30 June 2026 was 1.4558 (2025: 1.5267).

Exchange differences arising on the translation of monetary items are recognised in statement of profit or loss and other comprehensive income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(iii) Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of the Group's US\$ functional subsidiaries are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Exchange differences arising on the translation of intercompany loans, on the basis that the repayment is not recoverable in the future, are taken to equity as a hedge of the net investment in the subsidiary.

k) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be payable later than one year are measured as the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity which match the expected timing of cash flows.

Contributions made by the Group to employee superannuation funds are charged to expenses as incurred.

l) Equity-Settled Compensation

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using an appropriate valuation model. Performance rights are valued by reference to the value of the Company's equity instruments on the ASX at grant date. For equity-settled share-based payment transactions related to goods or services received, the group shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

m) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

n) Financial Assets and Financial Liabilities**Classification & Initial Recognition**

The Group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss and amortised cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets initially recognised at fair value through profit or loss are assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

(ii) *Amortised Cost*

The Group classifies and initially recognises its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Impairment of Financial Assets

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses.

Subsequent Measurement of Financial Liabilities

The Group's financial liabilities including borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

o) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes cash on hand and at call in banks net of overdrafts.

p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

q) Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction in the share proceeds received. When options or performance rights are exercised, any amounts previously included in reserves for these instruments, are subsequently transferred to Issued Capital.

r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

s) Parent Entity Financial Information

The financial information for the parent entity, AXP Energy Limited, disclosed in Note 4 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of AXP Energy Limited.

t) Discontinued Operations

A discontinued operation is a component of the Group that has been disposed of in the current, or prior, year 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.

NOTE 2 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets, such as outcomes of drilling projects, the Company's portfolio priorities and leasing requirements. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs of disposal calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and Evaluation

The Group's policy for exploration and evaluation is discussed at Note 1(g). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sales or exploitation, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income. Impairment expense recognised during the year is disclosed in Note 17 to the financial statements.

Asset Retirement Obligations

The Company incurs retirement obligations for wells. The best estimates of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the wells are drilled. In the estimation of expected cost for these obligations, the Company uses assumptions and judgments for the legal obligation for an asset retirement obligation, technical assessments of the wells, estimated amounts and timing of remediation, discount rates and inflation rates. Asset retirement obligations are disclosed in Note 21 to the financial statements.

Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based Payment Transactions

The group measures the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the share price at the date of grant. The group measures the cost of equity-settled transactions with non-employee service providers using a binomial option pricing model. Inputs to this model are disclosed in Note 32. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimate of Reserve Quantities

The estimated quantities of proven and probable hydrocarbon reserves reported by the Group are integral to the calculation of amortisation (depletion) and depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Management prepares reserve estimates annually which conform to guidelines prepared by the Society of Petroleum Engineers. These estimates are then verified by independent technical experts.

These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimate of reserves may change from period to period as the financial and economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations

Leases

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

NOTE 3 – GOING CONCERN

The financial report of the Group has been prepared on a going concern basis, 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 year after tax of \$2,168,918 (2025: \$3,913,642 loss). Net cash outflow from operating activities was \$1,406,942 (2025: \$1,256,901 outflow). As at 30 June 2026, the Group had a working capital deficit of \$617,012 (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 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.

The Group continues to explore appropriate funding opportunities in order to pursue its objectives in the long-term interest of its shareholders. Subsequent to year end, the Group is actively reviewing further debt or equity funding arrangements to be completed in the next 2 months, in order to provide additional funding for the next 12 months.

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 4 – PARENT ENTITY FINANCIAL INFORMATION

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

Statement of financial position	2026 \$	2025 \$
Total current assets	45,828	34,034
Non-current assets excl. inter-company receivables	100,000	-
Non-current inter-company receivables ⁽ⁱ⁾	3,161,261	2,999,782
Total assets	3,307,089	3,033,816
Total current liabilities	226,984	101,152
Total liabilities	226,984	101,152
Net assets	3,080,105	2,932,664
Share capital	93,251,296	91,197,419
Reserves excluding foreign currency	262,371	86,369
Foreign currency reserve	(19,057,671)	(19,257,517)
Accumulated losses	(71,475,891)	(69,093,607)
Total equity	2,980,105	2,932,664
Statement of profit or loss and other comprehensive income		
Loss for the year after tax	(2,382,284)	(3,838,574)
Total comprehensive loss	(2,382,284)	(3,838,574)

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

The parent entity has not provided any financial guarantees on behalf of its subsidiary. In the prior year, the parent entity accounted for its joint venture interest at cost. The parent entity did not have any contingent liabilities as at 30 June 2026 (2025: Nil). The parent entity had no contractual commitments as at 30 June 2026 (2025: Nil).

NOTE 5 – REVENUE

From continuing operations:

	2026 \$	2025 \$
Gas	20,956	495,965
Oil	478,664	24,916
Power generation	14,391	26,905
Performance Bonus	9,677	40,008
Total revenue from operations	523,688	587,794

Revenue is comprised of revenue from contracts with customers. Revenue is recognised at a point in time. Refer to note 24 for disaggregation of revenue from contracts with customers based on geographic basins.

NOTE 6 – PROFIT FROM CONTINUING OPERATIONS

Profit before income tax has been determined after:

	2026 \$	2025 \$
Depreciation and depletion:		
Depreciation of plant and equipment	223,281	438,959
Depletion	85,867	77,354
	309,148	516,313
Other expenses:		
Share based payments	79,218	35,155
Director fees	305,307	194,662
Payroll and employee benefits	240,664	333,204
Superannuation	35,989	32,680
Professional fees	385,886	463,627
Regulatory compliance – DJ Basin	113,881	150,343
Administrative and corporate expenses	378,852	582,199
Loss on derecognition of right of use assets	16,675	-
	1,556,472	1,791,870
Impairment expense:		
Development and producing assets (see Note 16)	542,700	1,718,000
	542,700	1,718,000
Finance costs		
Accretion (see Note 21)	24,307	48,492
Interest expense	38,241	47,692
	62,548	96,184

	2026	2025
	\$	\$
Other gains		
Interest income	(13,180)	(32,226)
Gain on sale of assets ⁽ⁱ⁾	(231,151)	-
	(244,331)	(32,226)

(i) During the current year, the Company sold various equipment resulting in a gain on sale of \$231,151.

NOTE 7 – INCOME TAX EXPENSE / BENEFIT

	2026	2025
	\$	\$
(a) The components of income tax expense / (benefit) comprise:		
Current Tax	-	-
Prior year under / over provision	-	-
Deferred Tax	-	-
	-	-
Income tax expense / (benefit) attributable to:		
Continuing operations	-	-
Discontinued operations	-	-
	-	-
(b) The prima facie tax expense / (benefit) on loss from ordinary activities is reconciled to the income tax as follows:		
Loss before Income Tax - continuing	(2,168,438)	(3,918,419)
Loss before Income Tax – discontinued	-	4,777
Net Loss	(2,168,438)	(3,913,642)
Prima facie tax benefit on loss from ordinary activities before income tax at 25%	(542,110)	(978,411)
- Differences in tax rate for US	-	21,490
- Other allowable / (non-allowable) items		
- Depreciation, amortisation and depletion	(55,820)	(97,701)
- US percentage depletion (IRC section 613)	-	-
- Return to provision true-ups	-	1,067,768
- Share-based payment	19,804	8,789
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	578,126	(21,935)
Income tax attributable to operating profit	-	-

	2026	2025
	\$	\$
(c) Deferred tax balances		
<i>Deferred tax assets comprise:</i>		
Asset retirement obligations – provision	41,808	49,968
Property plant and equipment - depreciation and amortisation	21,467	20,428
Development and producing assets - depletion	46,840	67,074
Exploration and evaluation	-	-
Tax losses	5,307,225	5,169,755
Non-recognition of DTL / losses	(5,417,340)	(5,307,225)
Total deferred tax assets	-	-
 <i>Deferred tax liabilities comprise:</i>		
Property plant and equipment	27,948	87,391
Non-recognition of DTA	(27,948)	(87,391)
Total deferred tax liabilities	-	-
 Net deferred tax asset	-	-
 (d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 25%	3,499,000	3,210,918
- In USA at 25%	4,675,234	4,417,796
	8,174,324	7,628,714
 (e) Deferred tax asset arising from temporary differences:		
- In USA at 25%	-	-
	-	-

NOTE 8 – REMUNERATION OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2026.

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

	2026 \$	2025 \$
Short term employee benefits	474,940	456,720
Post-employment benefits	35,989	32,680
Share based payments (see Note 31)	25,445	6,077
	536,374	495,477

NOTE 9 – AUDITOR'S REMUNERATION

	2026 \$	2025 \$
Remuneration of auditor of consolidated Group for:		
Pitcher Partners BA&A Pty Ltd – audit and review of the Group's annual and interim financial reports	34,935	35,175
	34,935	35,175

No services other than audit services were performed by the auditors during the fiscal years ended 30 June 2026 or 30 June 2025.

NOTE 10 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2026 \$	2025 \$
Loss attributable to the ordinary shareholders of AXP Energy Limited:		
-Loss from continuing operations	(2,168,918)	(3,918,419)
-Profit from discontinued operations	-	4,777
Loss used in calculating earnings and diluted earnings per share (EPS)	(2,168,918)	(3,913,642)
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted EPS	375,645,049	243,989,370
Continuing operations		
Basic and diluted EPS	(0.58) cents	(1.61) cents
Discontinued operations		
Basic and diluted EPS	0.00 cents	0.00 cents
Earnings per share from loss attributable to the equity holders of AXP Energy Limited:		
Basic and diluted EPS	(0.58) cents	(1.60) cents

As detailed in Note 22, during the year, 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.

As the Group generated a loss for the financial year ended 30 June 2026, all potential ordinary shares on issue will not have a dilutionary effect and therefore, no calculation of diluted earnings per share is performed. Refer to Note 22 for option details.

NOTE 11 – CASH AND CASH EQUIVALENTS

	2026 \$	2025 \$
Cash at bank and on hand	60,596	424,752

The effective annual interest rate on cash at bank was 5.43% (2025: 3.41%) per annum.

NOTE 12 – TRADE AND OTHER RECEIVABLES

	2026 \$	2025 \$
Trade receivables		
Customers	58,283	71,089
Other receivables		
Expected credit allowance	-	-
Current tax asset	-	59,000
GST Receivable	10,926	4,229
	69,209	134,318

The Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. There was a \$nil credit loss allowance for receivables as at 30 June 2026 (2025: \$Nil credit loss allowance). Outstanding invoices are generally due within 30 days of the invoice date.

NOTE 13 – INVENTORY

	2026	2025
	\$	\$
Oil in tank	12,015	35,247

Oil in tank is calculated using the lower of cost or market method and is included at cost as at 30 June 2026 and 30 June 2025. Adjustments to oil in tank inventory are recorded as lease and field operating expenses in the profit or loss.

NOTE 14 – OTHER ASSETS

	2026	2025
	\$	\$
Other current assets		
Bond deposits	609,604	669,873
Prepaid expenses and other	14,115	24,775
	623,719	694,648

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

	2026 \$	2025 \$
Plant and equipment:		
- At cost	554,153	772,757
- Less: Accumulated depreciation	(442,361)	(546,811)
	111,792	225,946

Movement in Property, Plant and Equipment at Cost

	2026 \$	2025 \$
Plant and equipment:		
Opening cost	772,757	463,809
Additions	40,750	102,249
Assets sold/written down	(259,354)	-
Transfer from non-current assets classified as held-for-sale (note 27)	-	233,699
Closing – Cost	554,153	772,757

Movement in Property, Plant and Equipment Accumulated Depreciation

	2026 \$	2025 \$
Plant and equipment:		
Opening: Accumulated depreciation	(546,811)	(388,513)
Depreciation – continuing operations	(61,425)	(96,325)
Depreciation – discontinued operations	-	(38,603)
Assets sold/written down	165,875	-
Transfer from non-current assets classified as held-for-sale (note 28)	-	(23,370)
Closing - Accumulated depreciation	(442,361)	(546,811)

NOTE 16 – DEVELOPMENT AND PRODUCING ASSETS

	2026 \$	2025 \$
Producing assets at cost	2,232,231	2,697,176
Accumulated depletion	(1,913,717)	(1,834,305)
	318,514	862,871

Movement in Carrying Amounts

	2026 \$	2026 \$
Balance at beginning of year	862,871	1,213,595
Other asset additions	11,886	69,491
Transfer from exploration and evaluation assets	-	2,209,591
Impairment of assets – continuing operations	(442,700)	(1,718,000)
Asset retirement obligation changes	(27,676)	(834,452)
Depletion expense – continuing operations	(85,867)	(77,354)
Balance at end of year	318,514	862,871

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 2026 as a result of the impact of adverse commodity prices and cessation of gas-to-power operations, leading to an impairment charge of \$442,700.

There were no other impairments in carrying amounts of development and producing assets during the year ended 30 June 2026.

During the year ended 30 June 2025, the DJ Basin assets' recoverable amount reduced to less than the carrying value as a result of the impact of adverse commodity prices and higher costs, leading to an impairment of \$1,718,000.

NOTE 17 – EXPLORATION AND EVALUATION ASSETS

	2026 \$	2025 \$
Exploration and evaluation assets at cost	3,301,530	2,243,490

Movement in Carrying Amounts:

	2026 \$	2025 \$
Balance at beginning of year	2,243,490	3,889,701
Additions	1,160,536	518,906
Transfer to development and producing assets	-	(2,209,591)
Impairment of assets – Syria deposit	(100,000)	-
Asset retirement obligation changes	(2,496)	44,474
Balance at end of year	3,301,530	2,243,490

As of 30 June 2026 the Group's exploration and evaluation assets relate only to the Denver Julesburg area of interest & Oklahoma.

Impairment

There were no indicators of impairment identified in relation to the carrying amounts of exploration and evaluation assets during the year ended 30 June 2026 (2025: nil).

NOTE 18 – LEASE ASSETS AND LIABILITIES

	2026 \$	2025 \$
Lease assets		
Carrying amount of lease assets	-	628,496
Equipment		
At cost	-	971,128
Accumulated depreciation	-	(342,632)
Total carrying amount of leases	-	628,496
Reconciliation of the carrying amount of lease assets at the beginning and the end of the financial year:		
Carrying amount at beginning of period	628,496	-
Additions – continuing operations	-	971,128
Depreciation – continuing operations	(161,856)	(342,632)
Derecognition of lease assets ⁽ⁱ⁾	(466,640)	-
Carrying amount at end of period	-	628,496
Lease liabilities		
Current lease liabilities	-	490,552
Non-current lease liabilities	-	142,581
Total carrying amount of lease liabilities	-	633,133
Lease expenses and cash flows		
Interest expense on lease liabilities – continuing	10,060	26,426
Expense relating to leases of 12-months or less for which a lease liability has not been recognised	37,900	15,225
Depreciation expense on lease assets – continuing	161,856	342,632
Total cash outflow in relation to leases	216,779	210,196

(i) During the year, 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 19 – PAYABLES

	2026 \$	2025 \$
Current		
Trade payables ⁽ⁱ⁾	1,077,837	1,185,982
Other payables ⁽ⁱⁱⁱ⁾	194,794	112,596
	1,272,631	1,298,578

(i) Trade payables are generally due within 30 days of invoice.

(ii) Other payables include accruals for the year ended.

NOTE 20 – ASSET RETIREMENT OBLIGATIONS

	2026 \$	2025 \$
Current	94,431	106,076
Non-current	72,802	96,571
	167,233	202,647
Beginning balance	202,647	1,126,284
Accretion – continuing operations	24,307	48,492
Plugging and abandonment costs incurred	(29,549)	(7,577)
Change in estimate asset retirement obligations – development and producing assets	(27,676)	(834,452)
Change in estimate asset retirement obligations – exploration and evaluation assets	(2,496)	44,474
Change in estimated asset retirement obligation – profit and loss	-	(174,574)
Ending Balance	167,233	202,647

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as accretion charge.

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% and extended the life of wells.

At 30 June 2026 the estimate of the pre-tax discount rate was 22% (FY25: 17%). 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 developing and producing assets, exploration and evaluation assets and profit and loss as at 30 June 2026 and 30 June 2025.

NOTE 21 – INTEREST BEARING LIABILITIES

	2026 \$	2025 \$
Current		
Vehicles and equipment financing	15,489	55,077
	15,489	55,077
Non-Current		
Vehicles and equipment financing	61,917	127,669
	61,917	127,669

Vehicles and equipment financing

Interest-bearing liabilities relate to the financing of vehicles and equipment used in AXP's operations. As at 30 June 2026, the total amount financed for these assets was \$77,406. These liabilities are being repaid over an average remaining term of 4.1 years. The financing arrangements are subject to fixed interest rates, averaging approximately 9% per annum.

NOTE 22 – ISSUED CAPITAL

a. Issued Capital

	No of Shares	2026 \$	No of Shares	2025 \$
Ordinary Shares				
At the beginning of the reporting period	6,684,680,675	91,197,419	5,824,680,673	90,431,638
Issue of ordinary shares at A\$0.0015/share	-	-	860,000,002	817,307
Issue of ordinary shares at A\$0.001/share (19 Aug 2025)	1,671,170,169	1,082,751	-	-
Effect of 25-for-1 share consolidation (13 Oct 2025)	(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) ⁽ⁱ⁾	500,000	12,191	-	-
Issue of ordinary shares at A\$0.012/share (16 Mar 26)	73,845,833	620,925	-	-
- Less: Cost of capital raising	-	(333,199)	-	(51,526)
At the end of the reporting period	449,733,530	93,251,296	6,684,680,675	91,197,419

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.

⁽ⁱ⁾ 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.

b. Options	2026 Number	2025 Number
Unlisted		
At the beginning of the reporting period	45,000,000	-
- Issued	52,800,028	45,000,000
- Effect of 25-for-1 share consolidation	(43,200,000)	
At the end of the reporting period	54,600,028	45,000,000

On 13 October 2025, the Company completed a share consolidation on a 25-for-1 basis. As a result, the 45,000,000 unlisted options on issue at the beginning of the reporting period were consolidated into 1,800,000 unlisted options. The exercise price was adjusted from \$0.003 to \$0.050 per option and the expiry date of 27 May 2028 remained unchanged.

Options Outstanding by Class

Unlisted Options	2026 Number	2025 Number
- A\$0.05 expiring 13 Oct 2027	52,800,028	
- \$0.075 expiring 27 May 2028	1,800,000	
- \$0.003 expiring 27 May 2028	-	45,000,000
At the end of the reporting period	54,600,028	45,000,000

See details regarding performance rights in Share Based Payments Note 32.

d. Capital Management

Management controls the capital of the Group to maintain a good debt to equity ratio, provide the shareholders with adequate returns, and ensure the Group continues as a going concern.

The Group's debt and capital includes ordinary share capital, share options, drilling advances payable and bank debt. Management effectively manages the Group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

	2026 \$	2025 \$
Total borrowings (interest bearing debt)	77,406	182,746
Less: cash and cash equivalents	60,596	424,752
Net (cash) / debt	16,810	(242,006)
Total equity	2,980,105	2,932,664
Total capital	93,251,296	91,197,419
Gearing ratio	2.60%	6.23%

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

NOTE 23 – RESERVES

	2026 \$	2025 \$
Foreign currency reserve	115,062	128,582
Share based payment reserve	262,371	86,369
	377,433	214,951

Foreign Currency Reserve

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

Share Based Payments Reserve

This reserve is used to record the fair value of the issue of performance rights, options or shares. See details regarding Share Based Payments within Note 31.

NOTE 24 – 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 based on geographical location since the diversification of the Group's operations has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of Accounting for Purposes of Reporting by Operating Segments

a) Description of Segments:

The Group's chief operating decision maker has identified the following reportable segments which are defined by geographic area within its major Oil & Gas basins in the US:

- **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.
- **Oklahoma:** Oil and gas assets are located in Kay County.
- **Appalachian and Illinois Basin:** These segments were disposed of during the year ended 30 June 2025.
- **Corporate and Other:** Includes non-trading operations and unallocated corporate costs.

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

b) Segment information:

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

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

All revenue is generated in the United States of America.

The total amount of revenue derived from customers whose revenue is greater than 10% of the Group's total revenue is \$456,091 (2025: \$495,965).

Revenue from customers whose revenue is greater than 10% of the Group's total revenue was generated by one (2025: one) customer during the year ended 30 June 2026.

2026	DJ Basin	Oklahoma	All Other Segments (unallocated)	Total
	\$	\$	\$	\$
Segment revenue	493,788	29,900	-	523,688
Production costs	(464,895)	(1,174)	-	(466,069)
DD&A	(273,228)	-	(35,920)	(309,148)
Other expenses	(419,750)	(66,962)	(1,069,760)	(1,556,472)
Impairment expenses	(542,700)	-	-	(542,700)
Finance costs	(55,299)	(803)	(6,446)	(62,548)
Other gains	148,468	-	95,863	244,331
Total loss before income tax	(1,113,616)	(39,039)	(1,016,263)	(2,168,918)
Income tax expense	-	-	-	-
Total loss	(1,113,616)	(39,039)	(1,016,263)	(2,168,918)
Total segment assets	3,262,970	1,087,040	147,365	4,497,375
Total segment liabilities excluding inter- company transactions	1,220,866	68,263	228,141	1,517,270

2025	Appalachian & Illinois Basin	DJ Basin	All Other Segments	Total
	(discontinued)		(unallocated)	
	\$	\$	\$	\$
Segment revenue	-	587,794	-	587,794
Production costs	-	(590,646)	-	(590,646)
DD&A	(38,599)	(433,282)	(83,031)	(554,912)
Other expenses	(156,980)	(493,859)	(1,298,011)	(1,948,850)
Impairment expenses	-	(1,718,000)	-	(1,718,000)
Change in estimate of asset retirement obligation	-	174,574	-	174,574
Finance costs	-	(87,466)	(8,718)	(96,184)
Other gains	200,356	3,611	28,615	232,582
Total profit / (loss) before income tax	4,777	(2,557,274)	(1,361,145)	(3,913,642)
Income tax expense	-	-	-	-
Total profit / (loss)	4,777	(2,557,274)	(1,361,145)	(3,913,642)
Total segment assets	-	4,613,899	635,869	5,249,768
Total segment liabilities excluding inter- company transactions	-	2,059,866	257,238	2,317,104

NOTE 25 – CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	
		2026	2025
Parent Entity:			
AXP Energy Limited	Australia		
Subsidiaries of AXP Energy Limited:			
AusCo Petroleum Inc	USA	100%	100%
AusCo Petroleum Florence, LLC	USA	100%	100%
AXP Energy (US) LLC	USA	100%	100%
AXP Energy, Inc	USA	100%	100%
AXP Energy (Oklahoma) LLC	USA	100%	100%
NGAS Gathering, LLC ¹	USA	0%	100%
Kentucky Exploration, LLC ²	USA	0%	100%

¹ dissolved 18 September 2025

² dissolved 30 December 2025

NOTE 26 – CASH FLOW INFORMATION

	2026 \$	2025 \$
Loss from ordinary activities after income tax	(2,168,918)	(3,913,642)
Non-cash flows in loss from ordinary activities		
Share based payments	79,218	35,155
Depreciation and Depletion - continuing	309,148	516,311
Depreciation and Depletion - discontinued	-	38,603
Accretion - continuing	24,307	48,492
Accrued interest expense	13,541	11,154
Change in estimate of asset retirement obligation	-	(174,574)
Loss on derecognition of right of use assets	16,675	-
Profit on sale of assets	(228,241)	-
Impairment expenses and write downs	542,700	1,718,000
Foreign currency – non cash	(4,315)	(5,792)
Changes in assets and liabilities		
Decrease in receivables	9,443	270,834
Decrease / (Increase) in inventory	23,232	(26,246)
Increase in payables	5,817	232,381
Decrease in asset retirement obligations	(29,549)	(7,577)
Cash flow from operations	(1,406,942)	(1,256,901)

Non-cash financing and investing activities

During the year ended 30 June 2026 the Group financed the purchase of a vehicle, totalling \$40,750 (2025: 47,249).

During the year ended 30 June 2025, the Group entered into lease agreements for equipment totalling \$971,128.

NOTE 27 – DISCONTINUED OPERATIONS

As disclosed in the prior year financial statements, on 29 September 2024, 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 2024. 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 2024.

Shareholders approved the sale at a General Meeting held on 6 February 2025.

Results of discontinued operations for the year are presented below:

	2026 \$	2025 \$
Financial performance information		
Revenue	-	-
Other gains ⁽ⁱ⁾	-	200,356
Expenses	-	(182,484)
Profit / (Loss) before income tax	-	17,872
Income tax	-	-
Profit / (loss) after income tax of discontinued operations	-	17,872
Loss on sale of discontinued operations before income tax ⁽ⁱⁱ⁾	-	(13,095)
Income tax	-	-
Loss on sale of discontinued operations after income tax	-	(13,095)
Profit / (loss) from discontinued operations ⁽ⁱⁱⁱ⁾	-	4,777

- (i) Other gains include a refund of legal costs of \$198,684 held in escrow by Mountain V Oil & Gas, Inc.
- (ii) 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).
- (iii) The amount of loss from discontinued operations is attributable to the owners of AXP Energy Limited.

	2026	2025
	\$	\$
Cash flow information		
Net cash used in operating activities	-	(121,223)
Net cash provided by investing activities	-	430,158
Net cash provided by / (used in) financing activities	-	225,173
Net cash flows from discontinued operations	-	534,108

NOTE 28 – FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and currency risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Risk management is carried out by the finance department under policies approved by the board of Directors.

The Group holds the following financial instruments:

	2026	2025
	\$	\$
Financial Assets		
Cash and cash equivalents	60,596	424,752
Trade and other receivables	69,209	134,318
Bonds	609,604	669,873
	739,409	1,228,943
Financial Liabilities		
Trade payables	1,077,837	1,185,982
Lease liability	-	633,133
Borrowings	77,406	182,746
	1,155,243	2,001,861

All balances above are measured at amortised cost.

a) Market Risk

Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis.

The Group's exposure to foreign currency risk through AUD holdings at the end of the reporting period was as follows:

	2026	2025
	\$	\$
Cash and cash equivalents	20,787	5,030
Trade and other receivables	25,041	29,004
Trade and other payables	226,984	101,152

Foreign Currency Sensitivity

Based on the financial instruments held at fiscal year end, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit and equity for the year would have been the following:

	2026 \$	2025 \$
Change in profit		
Improvement in AUD to USD by 10%	(99,250)	(95,969)
Decline in AUD to USD by 10%	99,250	95,969
Change in equity		
Improvement in AUD to USD by 10%	(99,250)	(95,969)
Decline in AUD to USD by 10%	99,250	95,969

Interest Rate Sensitivity Analysis

At fiscal year end, the effect on profit and equity as a result of changes in the interest rate on cash and cash equivalents, with all other variables remaining constant would be as follows:

	2026 \$	2025 \$
Change in profit		
Increase in interest rate by 1%	2,427	9,446
Decrease in interest rate by 1%	(2,427)	(9,446)
Change in equity		
Increase in interest rate by 1%	2,427	9,446
Decrease in interest rate by 1%	(2,427)	(9,446)

Price Sensitivity Analysis

At fiscal year end, the effect on profit and equity as a result of changes in oil prices (impacting revenues from continuing operations), with all other variables remaining constant would be as follows:

	2026 \$	2025 \$
Change in profit		
Increase in average oil price by 5%	23,933	24,798
Decrease in average oil price by 5%	(23,933)	(24,798)
Change in equity		
Increase in average oil price by 5%	23,933	24,798
Decrease in average oil price by 5%	(23,933)	(24,798)

b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, revenue and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

The following table outlines the group's remaining contractual maturities for financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contract cash flows	Carrying amount
2026	\$	\$	\$	\$	\$
Trade and other payables	1,272,631	-	-	1,272,631	1,272,631
Vehicle and equipment financing	11,308	11,308	73,378	95,994	77,406
	1,283,939	11,308	73,378	1,368,625	1,350,037
2025	\$	\$	\$	\$	\$
Trade and other payables	1,134,004	3,000	161,574	1,298,578	1,298,578
Lease liabilities	254,509	254,509	144,022	653,040	633,133
Vehicle and equipment financing	32,214	32,214	139,073	203,501	182,746
	1,420,727	289,723	444,669	2,155,119	2,114,457

d) Fair Value Measurements

The carrying value monetary financial assets and financial liabilities of the Group approximate their fair value as all amounts are short term and/or at market rates.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

NOTE 29 – RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

a) Directors and executives

Disclosures relating to key management personnel are set out in Note 8 and Note 31.

b) Transactions with related entities of key management personnel:

For the year ended 30 June 2026, the Group utilised the services of DK Round Investments Pty Ltd ("DKR") for the provision of professional and consulting services. Mr Dan Lanskey is the sole Director of DK Round Investments. The Company paid Director fees (inclusive of super) of \$200,473 for the year ended 30 June 2026

For the year ended 30 June 2026, the Group utilised the services of Turntable Energy Inc. ("Turntable") for the provision of consulting services. Mr Lanskey is a Director of Turntable. The Company paid consulting fees of \$40,000 to Turntable for the year ended 30 June 2026.

For the year ended 30 June 2025, the Company paid Director fees (inclusive of super) of \$78,622 plus paid Director Fees in advance of \$13,530 (recorded as a prepayment at 30 June 2025) to DKR for the year ended 30 June 2025. In addition to the above, the Company engaged DKR for consulting services totalling \$16,669 for the year ended 30 June 2025.

For the year ended 30 June 2025, the Group utilised the services of CoySec Services Pty Ltd ("CoySec") for the provision of company secretarial services. Mr Lees is the sole Director of CoySec ("CoySec"). The Company paid CoySec for company secretarial services totalling \$14,432 for the period whilst Mr Lees was Director of the Company from 16 September 2024 to 28 February 2025.

For the year ended 30 June 2025, the Group utilised the services of Panthea Capital Partners for the provision of consulting services. Mr Andrew Bald is the sole Director of Panthea Capital Partners. The cost of these services to 30 June 2025 was \$6,806.

NOTE 30 – CAPITAL COMMITMENTS

The Group is required to meet minimum expenditure requirements of various Government bodies and joint venture agreements. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	2026 \$	2025 \$
Due within one year	1,000,000	-
Due between 2 and 5 years	-	-
Due between 6 and 10 years	-	-
	<u>1,000,000</u>	<u>-</u>

On 15 June 2026, the Company entered into a farm-in agreement with Simpura Latakia Limited ('Simpura') in relation to the Block 9 Production Sharing Contract located in Syria. Under the agreement, the Company paid a non-refundable deposit of US\$100,000 and is required to make a further advance contribution of US\$1,000,000 within 60 days of execution of the agreement. The advance contribution has not been recognised as a liability at 30 June 2026 as no present obligation existed at balance date. The Company has disclosed the amount as a capital commitment. As announced on 31 August 2026, the farm-in agreement with Simpura Latakia Limited was terminated by mutual agreement. The initial payment of US\$100,000 will be retained by Simpura. Each party released the other from further obligations.

In addition, the Company has agreed to fund 35% of future capital expenditure associated with the Block 9 PSC, including the provision of any required performance bond, seismic reprocessing activities and future drilling obligations. The quantum and timing of these future expenditures cannot presently be determined with sufficient reliability and have therefore not been included in the above commitment amount.

NOTE 31 – SHARE BASED PAYMENTS

During the year, 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\$130,046) and a share-based payment expense (US\$53,773 using average FX) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2026.

Share-based payment expense also includes shares issued or to be issued in lieu of payment of director fees (US\$25,445).

NOTE 32 – SUBSEQUENT EVENTS

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

- On 15 June 2026, the Company announced it had entered into a farm-in agreement with Simpura Latakia Limited ('Simpura') to earn a 25% participating interest in the Block 9 Production Sharing Contract in North-West Syria and paid the US\$100,000 deposit required under the terms of the agreement. On 31 August 2026 AXP

announced it had agreed with Simpura to mutually terminate the farm-in agreement. The mutual termination agreement released each party from further obligations and any further payment. The initial deposit of US\$100,000 was retained by Simpura.

- On 18 August 2026, the Company announced the installation at the Edwards Lease in Oklahoma of 320kW natural gas generator. AXP will earn revenue from the supply of natural gas and retain all the revenue from oil production.
- On 2 September 2026, the Company announced the initial flow of 11 barrels of oil an hour during testing while choked back to maintain approximately 100psi pressure. This is from the commencement of a 10-day oil flow testing program, seeking to optimize oil flow while maintaining adequate gas supply.
- The Group has received unsecured cash advances subsequent to year end. The amounts received accrue interest at a rate of 10% per annum and will be either converted to fully paid ordinary shares, or repaid, at the time of the Company's next capital raising.

NOTE 33 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

AASB 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

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments

AASB 2024-2 makes amendments to AASB 7 Financial Instruments: Disclosures and AASB 9 Financial Instruments. The amendments relate to:

- Settling financial liabilities using an electronic payment systems;
- Assessing contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- Disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2026 and will be first applied by the Group in the financial year commencing 1 July 2026.

AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11

AASB 2024-3 makes amendments to AASB 1 First-time Adoption of Australian Accounting Standards, AASB 7 Financial Instruments: Disclosures, AASB 9 Financial Instruments, AASB 10 Consolidated Financial Statements and AASB 107 Statement of Cash Flows.

The main amendments relate to the improvement of consistency and understandability between various accounting standards and clarification regarding derecognition of a lease liability upon extinguishment.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2026 and will be first applied by the Group in the financial year commencing 1 July 2026.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 Presentation of Financial Statements to improve how entities communicate in their financial statements, with a focus on information about financial performance in the profit or loss.

AASB 18 has also introduced changes to other accounting standards including AASB 108 Basis of Preparation of Financial Statements (previously titled Accounting Policies, Changes in Accounting Estimates and Errors), AASB 7 Financial Instruments: Disclosures, AASB 107 Statement of Cash Flows, AASB 133 Earnings Per Share and AASB 134 Interim Financial Reporting.

The key presentation and disclosure requirement are:

- (a) the presentation of two newly defined subtotals in the statement or profit or loss, and the classification of income and expenses into operating, investing and financing categories – plus income taxes and discontinuing operations;
- (b) the disclosure of management-defined performance measures; and
- (c) enhanced requirements for grouping (aggregation and disaggregation) of information.

AASB 18 mandatorily applies to annual reporting periods commencing on or after 1 January 2027. It will be first applied by the Group in the financial year commencing 1 July 2027.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AXP Energy Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the "Group").

In accordance with subsection 295(3A) of the Corporations Act 2001, this consolidated entity disclosure statement provides information about each entity that was part of the Group at the end of the financial year.

Name of entity	Country of Incorporation	Equity Holding	Australian tax resident or foreign tax resident	Foreign tax jurisdiction
AXP Energy Limited	Australia	n/a	Australia	n/a
AusCo Petroleum Inc	USA	100%	Foreign	USA
AusCo Petroleum Florence, LLC	USA	100%	Foreign	USA
AXP Energy (US) LLC	USA	100%	Foreign	USA
AXP Energy, Inc	USA	100%	Foreign	USA
AXP Energy (Oklahoma) LLC	USA	100%	Foreign	USA

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the Group, a partner in a partnership within the Group or a participant in a joint venture within the Group.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors's opinion, the consolidated financial statements and accompanying notes, as set out on pages 20 to 67 are in accordance with the Corporations Act 2001 including:
 - a) complying with Australian Accounting Standards and the Corporations Regulations 2001;
 - b) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and
 - b) giving a true and fair view of the financial position of the Group as at 30 June 2026 and of its performance for the year ended on that date.
2. In the directors' opinion, the consolidated entity disclosure statement required by subsection 295(3A) of the Corporations Acts is true and correct.
3. In the directors' opinion there are reasonable grounds, at the date of this declaration, to believe that the Company will be able to pay its debts as and when they become due and payable.
4. This declaration has been made after receiving the declarations by the Chief Executive Officer and Chief Financial Officer to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ending 30 June 2026.

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



Samuel Jarvis
Non-executive Chairman

Dated 30 September 2026

INDEPENDENT AUDITOR'S REPORT

(overleaf)

AXP ENERGY LIMITED
ABN 98 114 198 471
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AXP ENERGY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AXP Energy Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's consolidated financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board ("the Code") that are relevant to audits of the financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report for the year ended 30 June 2026 which indicates that the Group has incurred a loss for the year after tax of \$2,168,438 (2025: \$3,913,642). The Group incurred a net cash outflow from operating activities of \$1,406,942 (2025: \$1,256,901). Additionally, the Group had a working capital deficit of \$617,012 (2025: \$661,318). These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue Recognition

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

For the year ended 30 June 2026, the Group had revenue of USD\$523,688 from contracts with customers for its sale of oil, gas and electricity from power generators.

Revenue from the sale of electricity is recognised over time as power is delivered to the customer in accordance with the terms of the contract. The amount recognised reflects the electricity supplied during the reporting period.

Performance bonuses are received based on the operational uptime of power generation equipment. This variable consideration is calculated monthly and recognised when performance conditions for the month are met,

As such, the determination of revenue recognition requires management judgement in accounting for revenue, performance, obligations, discounts, incentives and rebates in accordance with the Group's identified performance obligations as part of the transaction, as required under *AASB 15 Revenue from contracts with customers* ("AASB 15").

Our procedures included, amongst others:

Understanding and evaluating the design and implementation of the relevant controls associated with the treatment of revenue, including, but not limited to, those relating to identification of performance obligations, discounts, incentives and rebates.

Reviewing significant contracts to understand their terms and conditions, including specified performance obligations included within and whether management's assessment for recognition of revenue under these contract terms is in accordance with AASB 15.

Testing a sample of transactions for each stream of revenue, sighting evidence of collection for related invoices and comparing the revenue amount recognised to the timing of when the Group satisfies performance obligations associated with the transaction in accordance with AASB 15.

Assessing the entitlement and recoverability for trade receivables, the basis of Management's approach for determining amounts that are deemed to be recoverable and corroborating key assumptions made.

Considering the adequacy of the disclosures included within the financial report.

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

Asset Retirement Obligations

Refer to Notes 1(g) and 20 to the financial report.

As a result of the Group's interests in oil and gas properties in Colorado, the Group is jointly and severally liable to rehabilitate the environment disturbed by the historical operations. Rehabilitation activities are governed by a combination of legislative and licence requirements.

At 30 June 2026, the consolidated statement of financial position included a provision for such obligations of USD\$167,233.

This was a key audit matter given the determination of this provision requires evaluating the key assumptions and judgements used by management in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and other economic assumptions including the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.

Our procedures included, amongst others:

Obtain and understanding of the design and implementation of the relevant controls associated with the asset retirement obligation liabilities.

Obtaining and reviewing the Group's assessment of its obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the rehabilitation provision calculations for the Group's relevant oil and gas interests.

Evaluating and reviewing key assumptions including economic assumptions through the performance of the following procedures:

- Evaluating and assessing the qualifications and experience of the preparer as an expert in the field and the adopted future cost estimates for asset retirement obligations.
- Evaluating and assessing the discount rate and inflation rates applied to future cash outflows used in calculating the provision; and

Considering the adequacy of the disclosures included within the financial report.

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

Carrying value of developing and producing assets

Refer to Notes 1(g) and 16 to the financial report.

As at 30 June 2026, the Group's statement of financial position included developing and producing assets, totalling USD\$318,514.

AASB 136 *Impairment of Assets* ("AASB 136") requires an entity to test non-current assets where there are indicators of impairment.

The carrying value of developing and producing assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying value may exceed its recoverable amount.

At balance date, it was concluded that there were impairment indicators within a cash generating unit ("CGU"s) held by the Group. Accordingly an impairment expense of US\$442,700 was recognised for the year ended 30 June 2026.

The evaluation of the recoverable amount of the Group's cash generating units ('CGUs) requires significant Management judgement in determining the key assumptions and estimates, including but not limited to:

- growth rate assumptions; and
- discount factors

supporting the expected future cash flows of the business and the utilisation of the relevant assets.

Due to the significance to the Group's financial report and the level of Management judgment involved in assessing the recoverable amount of the Group's CGUs, we consider this to be a key audit matter.

Our procedures included, amongst others:

Obtaining an understanding of the design and implementation of the relevant controls associated with the preparation of the carrying value of developing and producing assets.

Evaluating the Group's consideration of internal and external sources of information in assessing whether indicators of impairment or reversal of impairment existed.

Comparing the carrying value as at 30 June 2026 to reports provided by management appointed experts in the current year, updated by management for units of production and forecast assumptions for the current year.

Assessing the key management's assumptions associated with the CGU recoverable amount evaluation for expected future cash flows.

Re-calculating the amortisation expense on a units of production basis and comparing inputs to the calculation to the reports provided by management's appointed experts.

Considering the adequacy of the disclosures included within the financial report.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED**
Capitalisation of exploration and evaluation expenditure

Refer to Note 1(g) and 17 to the financial report.

As at 30 June 2026, the Group held capitalised exploration and evaluation expenditure of USD\$3,301,530.

The assessment of whether technical feasibility and commercial viability have been achieved requires significant management judgement and consideration of various factors, including but not limited to:

- the results of feasibility studies demonstrating the economic viability of the project;
- the existence of proved and probable reserves supporting the development of the well;
- the approval of development plans by management and the Board; and
- the intention and ability of the Group to proceed with the development of the project.

Following reclassification, development and producing assets are subject to the requirements of AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*. The determination of the appropriate timing of reclassification and the assessment of whether any indicators of impairment exist involve significant judgement by management.

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess whether there are any triggers for impairment, or reversal of impairment. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgements including but not limited to:

- Whether the Group has tenure of the relevant area of interest;
- Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and
- Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable.

Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.

Our procedures included, amongst others:

Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment, and reversal of impairment, indicators.

Assessing management's evaluation of the point at which technical feasibility and commercial viability of the project had been achieved, including Board approvals, development plans, reserve estimates and other supporting documentation.

Reviewing the basis for the reclassification of exploration and evaluation assets to development and producing assets and assessing whether the accounting treatment was consistent with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*, AASB 116 *Property, Plant and Equipment* and AASB 136 *Impairment of Assets*.

Assessing and evaluating management's assessment of trigger events prepared in accordance with AASB 6 including:

- Examining the Groups right to explore in the relevant area of interest, which included obtaining and reviewing supporting documentation on a sample basis and considering the status of the Group's licences as it relates to tenure.
- Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant area of interest, including a review of management's budgeted expenditure; and
- Understanding whether any data exists to suggest that the carrying value of the capitalised exploration and evaluation expenditure is unlikely to be recovered through development and sale.

Considering the adequacy of the disclosures included within the financial report.

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

The directors are responsible for the other information. The other information comprises the director's report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED**Report on the Remuneration Report***Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2026. In our opinion, the Remuneration Report of AXP Energy Limited, for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 30 September 2026

ADDITIONAL INFORMATION REQUIRED BY ASX

Additional Information required by the ASX and not disclosed elsewhere in this report is set out below.

Shareholdings
a) Distribution of Shareholders as at 22 September 2026

CATEGORY	ORDINARY SHARES HOLDERS	TOTAL SHARES	% OF ISSUED CAPITAL
1- 100,000	539	150,734	0.03%
100,001 – 500,000	620	1,829,267	0.41%
500,001 – 1,000,000	309	2,333,889	0.52%
1,000,001 – 10,000,000	656	23,440,559	5.21%
10,000,001 and over	299	421,979,081	93.83%
TOTAL	2,423	449,733,530	100.00%

b) Unmarketable Parcels as of 22 September 2026:

There were 2,114 holders of unmarketable parcels (minimum parcel size: 100,000 shares) comprising 26,754,449 shares or 5.948956% of the total shares outstanding.

c) Substantial Shareholders

There is one substantial shareholder owning more than 5% of shares listed in the holding Group's register as at 10 September 2026.

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
CITICORP NOMINEES PTY LIMITED	28,792,389	6.402%
H & C WELLBEING PTY LTD <H & C PROPERTY A/C>	25,641,846	5.702%

d) Voting Rights

Fully Paid Ordinary Shares:

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Options:

Options do not carry a right to vote.

Twenty Largest Shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Securities Exchange Limited, including the number and percentage held by those at 22 September 2026, are as follows:

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
CITICORP NOMINEES PTY LIMITED	28,792,389	6.402%
H & C WELLBEING PTY LTD <H & C PROPERTY A/C>	25,641,846	5.702%
MR BRIAN LAURENCE EIBISCH	22,422,809	4.986%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	21,535,405	4.995%
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	21,337,994	4.745%
AZTAG PTY LTD <M L HARVEY NO 1 WILL A/C>	18,733,134	4.165%
SMH GENERATION FUTURE PTY LTD <M L HARVEY NO 2 WILL A/C>	18,733,134	4.165%
COVE STREET PTY LTD <THE COVE STREET A/C>	12,900,000	2.868%
DR PETER KENCH	12,000,000	2.668%
MR JAMES OLIVIER	10,638,712	2.366%
MR BRUCE KENRIC GLOVER CROSSLEY	9,466,800	2.105%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	8,097,203	1.800%
MR VICTOR LORUSSO	8,000,000	1.779%
TALAVERA CAPITAL PTY LIMITED	7,550,400	1.679%
KIELBAWN PTY LTD	7,000,000	1.556%
BMZ CAPITAL PTY LTD	7,000,000	1.556%
CAPP SMSF PTY LIMITED <CAPP SUPER FUND A/C>	4,887,229	1.087%
CHELSEA LANE CAPITAL PTY LTD <PLACEMENTS A/C>	4,800,000	1.067%
MRS MARGARET ANN EIBISCH <MAE FAMILY A/C>	4,600,000	1.023%
CLAYMORE VENTURES LIMITED	4,400,000	0.978%
TOTAL	258,537,055	57.487%

Unquoted Securities

1,800,000 Options over Unissued Shares – Exercisable on payment of A\$0.075 on or before 27 May 2028 are held by 3 holders.

52,800,028 Options over Unissued Shares – Exercisable on payment of A\$0.05 on or before 13 October 2027 are held by 69 holders.

Tenement Schedule

The following table is a summary of the Group's tenements by operating segment:

OPERATING SEGMENT	30 JUNE 2025		30 JUNE 2026		YEAR ON YEAR CHANGE
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Colorado	76	5,835	76	5,835	-
Oklahoma	-	-	81.25	1,400	+24%
TOTAL		5,835		7,235	+24%

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

On 12 August 2025, the Company announced the acquisition of 1,400 acres of oil and gas leases in Noble and Kay County, Oklahoma. With a 100% Working Interest and an 81.25% Net Revenue Interest the leases are under a primary term of 4 yrs from date of acquisition and were acquired under favourable commercial terms. These leases overlay a proven geological setting along the Nemaha Ridge with multiple stacked payzones in an area long-established for oil and gas production. The region benefits from a strong, experienced contractor network, well-developed oil and gas infrastructure and are in close proximity to the Phillips 66 Oil Refinery at Ponca City.

A detailed breakdown of the above summary table is provided on the Company's website, www.axpenergy.com, under the Tenements section.

DIRECTORS

Mr Samuel Jarvis	Non-Executive Chairman
Mr Daniel Lanskey	Managing Director and Chief Executive Officer
Mr Stuart Middleton	Non-Executive Director

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

AXP Energy Limited
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60 Pitt Street
Sydney, NSW 2000, Australia
Phone: +61 2 9290 9580

USA OFFICE

113 North Santa Fe Ave.
Florence, CO, 81226, USA
Phone +1 719 784 7616

AUSTRALIAN SECURITIES EXCHANGE

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

WEBSITE

The Company's website is www.axpenergy.com

ABN

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

SHARE REGISTRY

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Phone: +61 2 9290 9600

AUDITORS

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Perth WA 6000

AUSTRALIAN LEGAL ADVISORS

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250 St Georges Terrace
Perth WA 6000