



ASX ANNOUNCEMENT

31 OCTOBER 2023

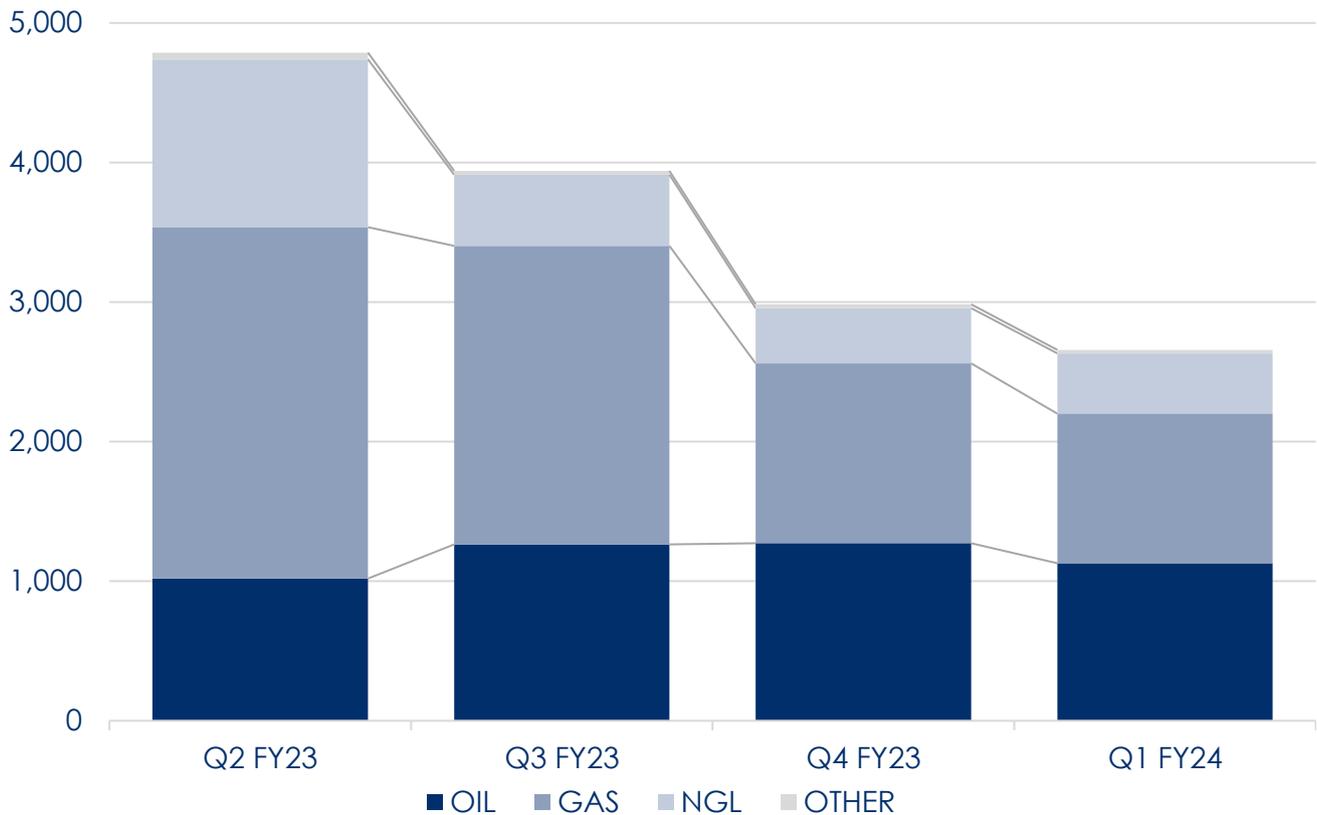
QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 30 September 2023 (*all in USD unless stated otherwise*).

HIGHLIGHTS

- Customers receipts in the quarter were **\$3,412,080**, up **1%** on the prior quarter (\$3,377,151);
- Net cash decreased by **\$210,719** with cash and cash equivalents at quarter end at **\$311,069** (previous quarter: \$521,788);
- Gross production was **138,425 BOE**, down **34%** on the previous quarter (208,726 BOE);
- Revenue decreased **11%** to **\$2,657,537** (previous quarter: **\$2,983,107**) primarily due to reduced volumes offset by increased pricing;
- Gas sales volumes decreased by **15%** and realised pricing fell by **2%** resulting in gas revenue decrease to **\$1,072,476** (previous quarter: \$1,288,672);
- Oil sales volumes decreased by **21%** resulting in oil revenue decreasing to **\$1,128,155** (previous quarter \$1,272,102);
- NGL revenue increased by **9%** to **\$431,961** (previous quarter: \$395,544);
- Unsold oil inventory held at quarter end totalled **14,904 barrels of oil** (previous quarter: 16,391 barrels of oil);
- Natural gas prices remained suppressed during the quarter although there was a marked rise in the month of October. The Company will maintain the production curtailment announced in the previous quarter

Chief Executive Officer Tim Hart commented: "AXP's performance in the quarter was again impacted primarily by sustained low gas prices coupled with high processing costs tied to the majority of our Appalachian Basin leases. While the produced volumes resulted in a slight increase in customer receipts, we have continued to reduce costs where possible. In the coming quarter, we will focus on enhancing production in Colorado with respect to selling gas in-situ which we expect will allow us to produce more oil. As we have communicated, AXP continues to assess new assets that can generate better margins as we look to advance the sale of its Appalachian and Illinois Basin assets."

NET REVENUE BY HYDROCARBON (\$ '000)

FINANCIAL & CORPORATE OVERVIEW

Net revenue for the quarter was 11% lower than the prior quarter at \$2,657,537 (prior quarter: \$2,983,107). Again, the main factors contributing to this fall in revenue were lower sales volumes, albeit slightly offset by increased realised pricing.

The following table summarises and compares the Company's net sales quantities by hydrocarbon for the past 2 quarters:

NET* SALES QUANTITIES*	Q4 2023	Q1 2024	% CHANGE
Gas [Mcf]	409,717	347,114	-15%
Oil [BBL]	18,654	14,812	-21%
NGL [USG]	978,434	555,771	-43%

* Post royalties

The volume of gas sold was down 15% over the previous quarter and a quarter-on-quarter drop in realised gas price of 2% reduced overall gas revenue by 17%. Net oil sales volumes decreased by 21% but this was offset by a slight increase in realised pricing of 10%. The volume

of NGL sales was down 43% on the previous quarter; again, offset by increased realised pricing for NGLs.

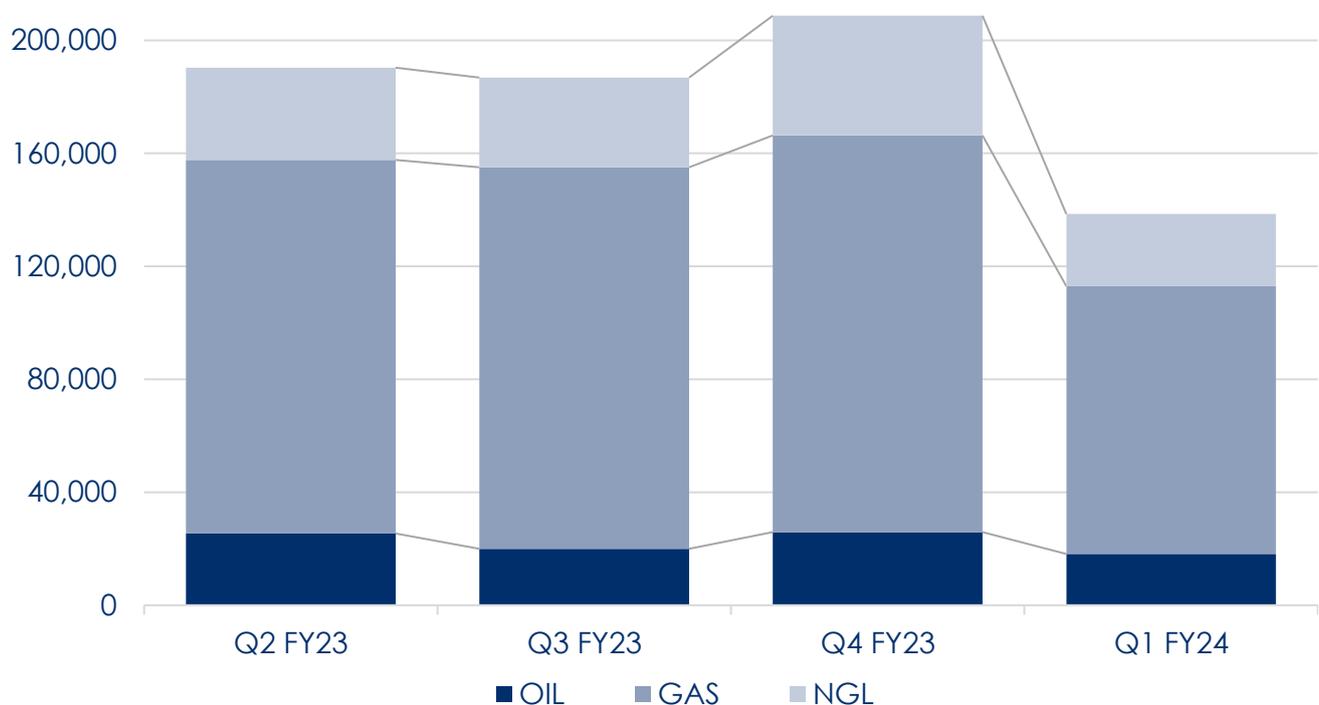
The September quarter resulted in an operating cash outflow of \$41,263 compared to an operating outflow of \$510,720 reported in the previous quarter. Net cash used in investing activities was \$18,009 due to ongoing legacy payment plan disbursements made during the quarter.

Cash and cash equivalents at quarter end are \$311,069, coupled with debt (\$301,889). Payables continue to be managed in the normal course of business.

On 29 September 2023, the Company finalised an agreement to sell its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc for US\$4m, paid in stages. Closing date is expected on or before 30 November 2023, with Shareholder approval required. The Company believes this sale will bring added value to shareholders, focusing on its Colorado project and seeking new acquisitions in the oil and gas sector with the proceeds.

PRODUCTION & OPERATIONS OVERVIEW

GROSS PRODUCTION BY HYDROCARBON (BOE)



Gas production continued to be curtailed as a result of the lower pricing environment. Only gas sold into favourable contracts is currently being produced. This curtailment has a corresponding impact to the produced oil.

With the exception of our activities in the development of our DJ Basin assets, our operational focus has been redirected to assist with the divestiture efforts.

EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration and development activities continue to be minimised during the low gas price environment and the Company continues to only consider projects with a 90-day or shorter payout. Exploration & Evaluation expenses of \$18,009 paid during the quarter, related to ongoing legacy payment plan disbursements. Development expenses of \$6,201 paid during the quarter, relate to payments for plugging and abandonment costs in Colorado.

HEALTH, SAFETY & ENVIRONMENT

No Recordable Injuries were recorded during the quarter.

BOARD CHANGE

Mr. Simon Johnson resigned as Chairman of the Company, but remains a non-executive Director, with effect from 19 October 2023.

Mr. Samuel Jarvis (a current non-executive Director) was appointed Chairman, replacing Mr Johnson.

TENEMENT SCHEDULE

AXP's leases held at the end of the quarter are available by clicking the link below. There were no changes to tenements or farm-in or farm-out arrangements during the period.

<https://fremontpetroleum.com/wp-content/uploads/2021/04/FPL-TenementsList-4-20-2021.pdf>

PAYMENTS TO RELATED PARTIES

Director's fees of \$32,000 were paid in the quarter.

This announcement has been authorised by the Board of AXP Energy Limited.

-ENDS-

FURTHER INFORMATION: ir@axpenergy.com

Tim Hart, Chief Executive Officer: +1 (309) 999-5420

Sam Jarvis, Non-Executive Director: 0418 165 686

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) is an oil & gas production and development company with operations in Colorado, Illinois, Indiana, Kentucky, Tennessee and Virginia. AXP's focus is to aggressively grow daily production by improving current asset performance and opportunistically acquiring onshore USA oil & gas assets with the following characteristics: producing conventional oil & gas wells; production that can be enhanced through low-cost field operations and workovers; leases which are held by production and which do not require ongoing drilling commitments; and economies of scale which can be achieved by acquiring and carrying out similar enhancement strategies on contiguous or nearby fields with similar characteristics.

DISCLAIMER

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Hydrocarbon production rates fluctuate over time due to reservoir pressures, depletion, down time for maintenance and other factors. The Company does not represent that quoted hydrocarbon production rates will continue indefinitely.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AXP Energy Limited

ABN

98 114 198 471

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from Elite Mining Inc ('EMI')	-	-
Receipts from customers (excluding EMI)	3,412	3,412
1.2 Payments for		
(a) exploration & evaluation - EMI	-	-
exploration & evaluation – all others	-	-
(b) development - EMI	-	-
development - all others	(6)	(6)
(c) production - EMI	-	-
production - all others	(2,155)	(2,155)
(d) staff costs - EMI	-	-
staff costs - all others	(858)	(858)
(e) administration and corporate costs - EMI	-	-
administration and corporate costs – all other	(408)	(408)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(27)	(27)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives - EMI	-	-
Government grants and tax incentives – all other	-	-
1.8 Other (provide details if material) - EMI	-	-
Other (provide details if material) – all other	-	-
1.9 Net cash from / (used in) operating activities	(41)	(41)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment - EMI	-	-
property, plant and equipment – all other	-	-
(d) exploration & evaluation – EMI	-	-
exploration & evaluation – all other	(18)	(18)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(18)	(18)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(147)	(147)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(147)	(147)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (3 months) \$US'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	522	522
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(41)	(41)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(18)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(147)	(147)
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	311	311

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	311	522
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	311	522

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	32
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	500	302
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	302
7.5 Unused financing facilities available at quarter end		198
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Unsecured working capital facility of \$500,000 from a private lender at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2024. \$293,231 of the facility has been drawn upon as of 30 June 2023.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(41)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(18)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(59)
8.4 Cash and cash equivalents at quarter end (item 4.6)	311
8.5 Unused finance facilities available at quarter end (item 7.5)	198
8.6 Total available funding (item 8.4 + item 8.5)	509
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.63
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.