ASX ANNOUNCEMENT **22 JULY 2021**

QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF),(**'***AXP*', '*Company*') provides this summary of activities for the quarter ended 30 June 2021. This includes the first full quarter of production from the Company's new Appalachian Basin asset (MHP) acquired in March 2021. All figures in AUD unless stated otherwise.

HIGHLIGHTS

- Quarterly net revenue of $4,386,654 (prior quarter: $1,730,518);
- Net customers receipts totalled $3,733,924 (prior quarter: ~$1,89M);
- Barrels of oil sold 24,594 BBL vs.12,894 BBL in prior quarter;
- Unsold oil inventory held in collection tanks at quarter end was 23,215 BBL, only fractionally lower than the ~25K BBL reported at the close of the previous quarter;
- Natural gas ('*gas*') sales totalled 694 MMcf (prior quarter: 301 MMcf) and sale of natural gas liquids ('*NGLs*') was 33,321 BBL (previous quarter: 12,454 BBL);
- Synergies continue to be realised through MHP's integration. The combined scale and improved technical and operational capabilities are delivering cost economies and reducing reliance on costly third parties for core activities throughout the business;
- Cash and cash equivalents (excluding substantial unsold oil inventory) at quarter-end was $1,391,795;
- Cash reserves, unsold oil inventory and the growing revenue contribution from all units ensures AXP is well funded, without the need to raise capital.

COMMENT

Chairman Simon Johnson commented: *"Recent acquisitions have delivered a stable production profile to AXP and our focus now is to continue to optimise and build on this and improve margins. In the first full quarter of ownership, we have made good progress growing the revenue base from higher margin oil sales, improving our logistics and establishing an improved sales channel for our NGLs. Natural gas production is our biggest revenue contributor and we are working hard to improve margins and ensure reliability downstream. Production gains are slowly materialising as field work ramps up and we see considerable scope for further growth here. We are still in the very early stages of realising the revenue potential from our leases and this will become evident in the coming quarters."*

CORPORATE ACTIVITY REVIEW

Revenue and customer receipts: Net revenue (revenue after royalties) and receipts from customers represent a good start for AXP as it continues to integrate MHP. Revenue was impacted by downstream outages in the Appalachian Basin (MHP) and Illinois Basin (Trey) business units which reduced production volumes on numerous occasions during the period *(refer Chart 3)* and revenue from gas sales was also seasonally softer as some contracts had been re-priced for summer. The variation between customer receipts and revenue is due to lag between invoicing for sales and cash collection.

Notwithstanding, the Board is encouraged by the growing revenue base which will be enhanced by mitigating the outages, realising production gains from workovers and continuing to bring more shut-in wells back into production. As reported during the quarter, management have taken steps to simultaneously improve sales pricing going forward, reduce transportation costs and improve the resilience of its logistics arrangements in relation to oil sales and offtake.

Revenue split: Whilst gas and NGLs account for 62% of quarterly revenue, revenue from oil sales as a percentage of total revenue is tracking up (refer *Charts 1& 2*). This is being driven by the increase in oil prices but also quarter-on-quarter oil sales increasing across every business unit.

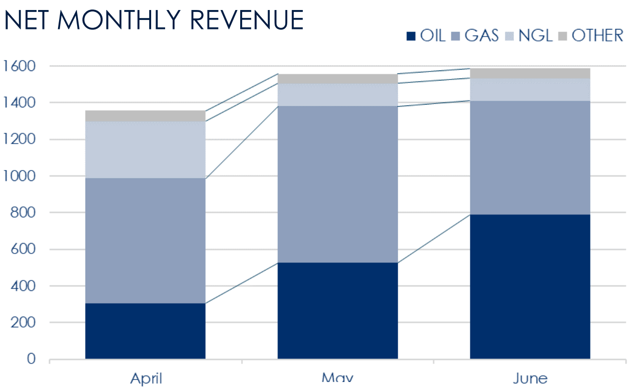

CHART 1

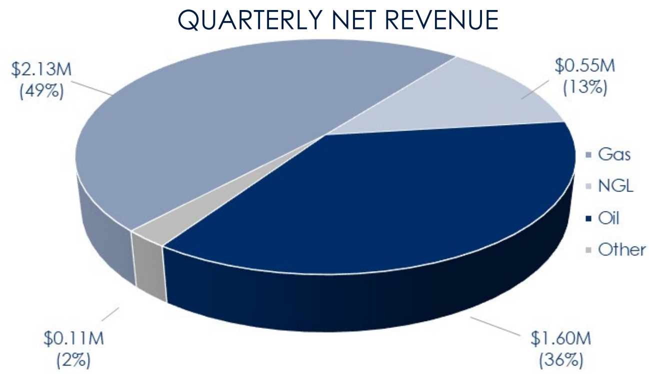

CHART 2

One-off costs in the quarter: The cost base for the quarter was higher due to a number of non-recurring items: ~$400K including for insurance back-payments, additional gas compression costs, audit fees and unpaid royalties from the prior quarter. These monies are included in payments for production reported in the Appendix 5B. One-off investing activities included the payment of $1,262,000 for the settlement of the MHP acquisition and the working capital adjustment, as well as $585K for the acquisition of Trey (with a final payment of ~$585K due in October).

Legacy Colorado exploration costs: AXP continues to progressively pay down legacy costs from the 2019-2020 Colorado drill program with ~$208K paid. These monies are included in payments for exploration & evaluation (capitalised) reported in the Appendix 5B.

Cash position: AXP is sufficiently funded with cash at the end of the quarter of $1.39M. Coupled with daily revenue generated from production and the significant oil inventory that continues to be progressively sold down to generate cash, AXP has more than adequate capital to fund its operations going forward.

AXP's finance team continues to assess the cost base to identify further savings that will not impede top line growth. The team is also working to improve the lag between sales and cash collection. Some pleasing margin improvements have been realised on oil haulage and the operations team in Kentucky is exploring ways to reduce gas processing and transport costs. Management continues to actively explore opportunities to renegotiate existing contracts throughout our supply chain and with customers to reflect the current market conditions.

Corporate governance: There was notable activity this quarter as AXP takes steps to improve its performance in this important area to build confidence in the board's decision-making. A review of corporate policy and material improvements in internal reporting is well underway.

Industry Outlook: Strengthening oil and gas prices were a feature of the quarter. Despite a slight weakening in the past week, the medium-term outlook for prices in the United States of America is strong. This is supported by observed industry activity and prevailing NYMEX pricing which remains in contango as hydrocarbon demand rebounds across North America.

PRODUCTION AND OPERATIONS OVERVIEW

Appalachian Basin (MHP): Production was satisfactory but performance in May and June was impacted by several gas transportation (pipeline) and processing outages (refer *Chart 3*) caused by downstream partners. This resulted in some gas production being suspended during the outage periods and associated oil production being temporarily shut-in. The operations team is working with our downstream partners to mitigate against these outages in the future.

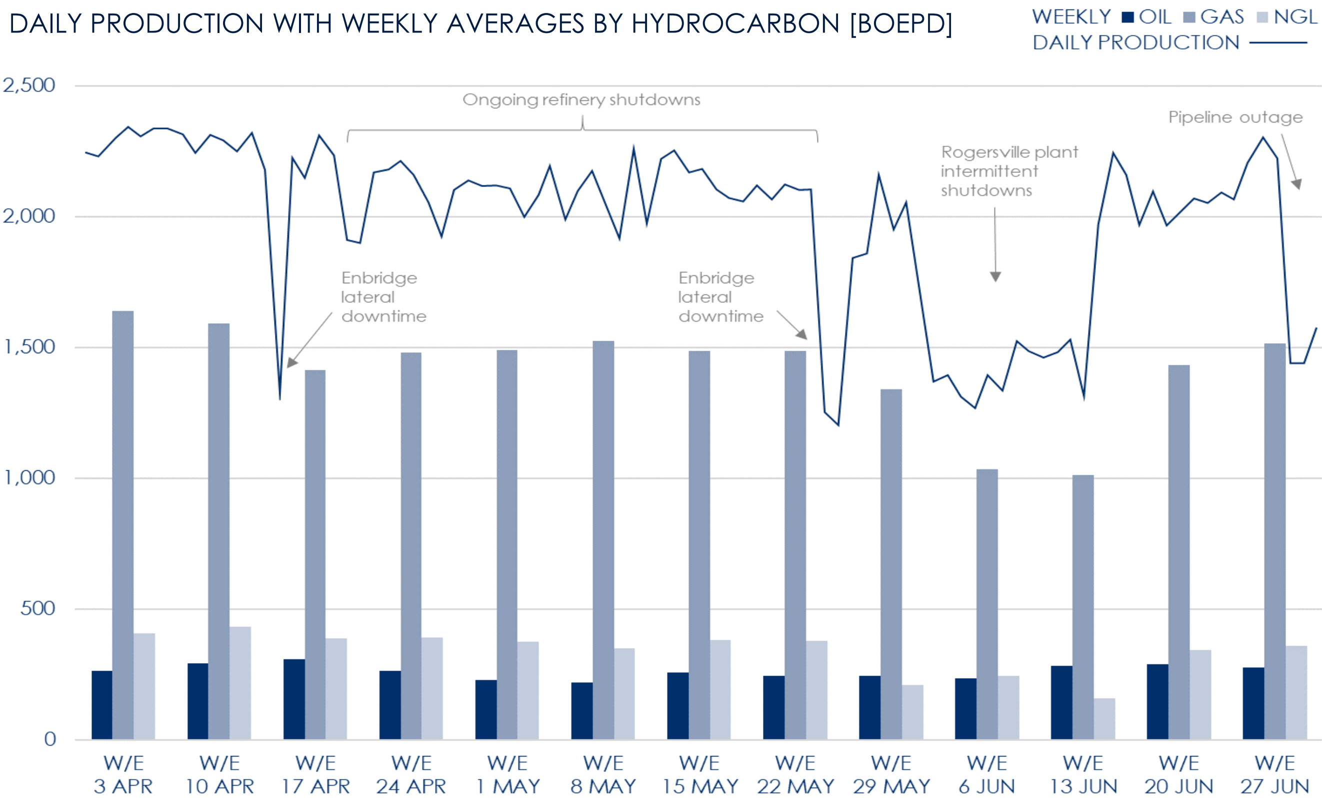

CHART 3

Illinois Basin (Trey): Oil sales increased 39% quarter-on-quarter. AXP is now deploying significantly more resources to the Trey business unit to enhance production and reduce outages across the leases. As increasing oil production becomes more of a focus for AXP, the Trey leases present the best opportunity within AXP's portfolio to deliver material and sustainable oil production gains from these leases.

DJ Basin (Colorado): Oil production has remained largely stable but volumes continue to be restricted due to state restrictions on gas flaring. Sales were up modestly. Finding a suitable sales channel for Pathfinder's gas remains a key focus of the Company and more than one opportunity is now being pursued.

Kentucky Oil & Gas (50/50 JV): Production and sales increased in the quarter and AXP is assessing opportunities to increase workovers to better capitalise on the leases' potential.

Health, Safety & Environment: No Lost Time Injuries, Recordable Injuries or Reportable Loss of Containment incidents were recorded in the quarter.

PRODUCTION AND DEVELOPMENT ACTIVITY

Material production and development activities undertaken during the period include field development work and pipeline repairs across leases in the Appalachian Basin which has yielded ~87 BOEPD in new gross production for a total investment of ~$135,000. The work and gains are summarised in the table below, as are the costs. The Phase 2 workover program is expected to be complete by end July and the pipeline repair project in August and further gains will be progressively report along with new workover programs to be initiated.

PHASE 2 WORKOVER PROGRAM

Project/Well	Completed	Daily Gross Production Increase			Cost (U$)
		Gas [Mcf]	NGL [USG]	Oil [BBL]	
DPI-1787-1	April	0	0	0	9,993
Begley 13		35	70	N/A	13,153
Begley 87		5	0	0	3,290
Begley 40	May	7	14	6	9,678
DPI-1403		13	26	1	11,334
DPI-1906		7	N/A	9	11,079
DPI-1907	June	7	N/A	12	13,544
DPI-1787-2		7	14	1	12,757
DPI-434		8	10	3	5,790
KayJay Pipeline	In progress	186	N/A	6	12,886
TOTAL		275	134	38	103,505

EXPLORATION ACTIVITY

There were no substantive oil & gas exploration activities undertaken in the quarter.

TENEMENT SCHEDULE

No tenements were acquired or disposed of during the quarter. AXP's leases held at the end of the quarter are available by clicking the following link:

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

There were no changes to farm-in or farm-out arrangements during the period.

PAYMENTS TO RELATED PARTIES

Outstanding Directors fees of $53K were paid in the quarter.

EVENTS SUBSEQUENT TO THE END OF THE QUARTER

- The Company completed its re-branding to AXP Energy Limited. This decision reflects (a) the strategic pivot from exploration and appraisal activities historically undertaken by the Company; (b) the importance of activities in Kentucky and adjacent states arising out of the ongoing integration of recent asset acquisitions; and, (c) the growth in importance of gas in our production mix in terms of revenue contribution and changes in community attitudes. AXP continues to explore avenues for future growth arising out of the energy transition and the new name better reflects that opportunity set;
- Commencing 1 July, 2021, the Company entered into the newly priced gas offtake contract for 4,000MMBtu/day which was re-negotiated and re-priced to US$3.55/MMBtu (~US$3.91/Mcf), up from US$2.76/MMBtu (~US$3.04/Mcf);
- The Company commissioned the publishing of the first Reserves & Resources reports for MHP and Trey and these are expected to be released in Q1 FY22.

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

END

FURTHER INFORMATION

Simon Johnson, Non-Executive Chairman: 0417 478 818

Sam Jarvis, Non-Executive Director: 0418 165 686

Robert Lees, Company Secretary: 0411 494 406

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) (formerly Fremont Petroleum Corporation Limited) is an oil & gas production and development company with operations in Colorado, Illinois, 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 of1933 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 (formerly Fremont Petroleum Corporation Limited)

ABN	Quarter ended ("current quarter")
98 114 198 471	30 June 2021

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,734	5,747
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(2,717)	(4,128)
	(d) staff costs	(835)	(1,359)
	(e) administration and corporate costs	(713)	(1,291)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	(6)	(7)
1.9	**Net cash from / (used in) operating activities**	**(537)**	**(1,038)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	(1,261)	1,786
	(b) tenements	(585)	(2,003)
	(c) property, plant and equipment	-	(74)
	(d) exploration & evaluation (if capitalised)	(208)	(823)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
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	-	(123)
2.4	Dividends received (see note 3)	-	-
2.5	Other (Security bond)	(460)	(540)
2.6	**Net cash from / (used in) investing activities**	**(2,514)**	**(1,777)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,132
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(13)	(223)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (option exercise in advance)	10	10
3.10	**Net cash from / (used in) financing activities**	**(3)**	**2,929**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,515	1,291
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(537)	(1,038)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,514)	(1,777)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3)	2,930

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(69)	(14)
4.6	**Cash and cash equivalents at end of period**	**1,392**	**1,392**

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 $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,392	4,515
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)**	**1,392**	**4,515**

c	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 - Directors fees paid in quarter	53
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

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	300	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	300	-

7.5	**Unused financing facilities available at quarter end**	300
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 Finance facility of $300,000 from a private lender at 10% interest, facility available until 31 March 2022.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(537)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(208)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(745)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,392
8.5	Unused finance facilities available at quarter end (Item 7.5)	300
8.6	Total available funding (Item 8.4 + Item 8.5)	1,692
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**2.27**

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

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: 22 July 2021

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.