



ASX ANNOUNCEMENT

30 APRIL 2024

QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 31 March 2024 (*all in USD unless stated otherwise*).

HIGHLIGHTS

Note: As announced on 12 March 2024, the Company completed the sale of its non-Colorado assets (the 'discontinued operations'). The revenue & production figures presented herein refer only to the Colorado assets (the 'continuing operations'), whilst operating cashflows to 7 February 2024 apply to both continuing and discontinued operations.

- Customers receipts in the quarter were **\$464,299**, down 84% on the prior quarter (\$2,831,626);
- Net cash decreased by **\$174,699** with cash and cash equivalents at quarter end at \$1,562,190 (previous quarter: \$1,736,889);
- Cash receipts included **\$1,651,142** from proceeds from disposal of non-current assets;
- Gross production from continuing operations was **2,833 BOE**, up 14% on the previous quarter (2,478 BOE);
- Revenue from continuing operations decreased 4% to **\$120,001** (previous quarter: \$125,395), reflecting lower oil prices during the quarter;
- Unsold oil inventory held at quarter end totalled **1,679 barrels of oil** (previous quarter: 1,009 barrels of oil); and
- Gas fired generators being sourced for Colorado targeting increased production

Director Andrew Bald commented: "With the divesture of the Appalachian and Illinois assets all but complete, the Company has now pivoted to optimising production from our Colorado assets. Over the coming quarter, we will focus on increasing production and cutting costs whilst looking for new avenues for growth."

FINANCIAL & CORPORATE OVERVIEW

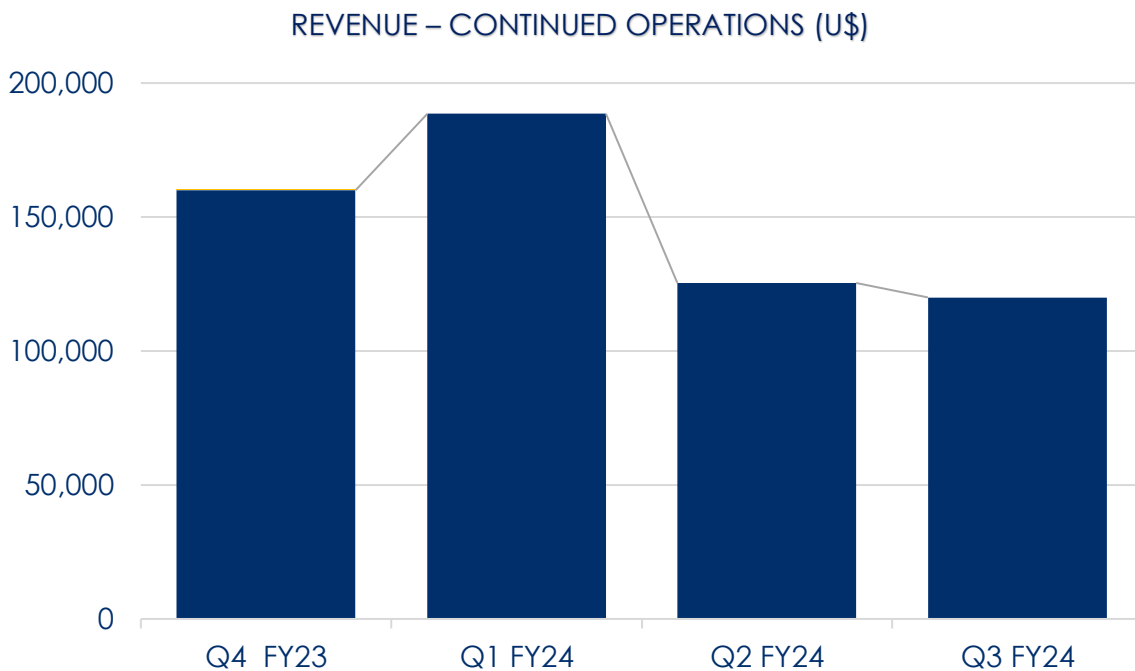
Revenue from continuing operations for the quarter was 4% lower than the prior quarter at \$120,001 (prior quarter: \$125,395). The decrease was primarily attributable to lower realised pricing offset against higher sales volumes.

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

NET SALES QUANTITIES (from continuing operations)*	Q2 2024	Q3 2024	% CHANGE
Oil [BBL]	1,768	1,851	+5%

* Post royalties

Net oil sales volumes increased by 5% and realised pricing reduced quarter-on-quarter by 9%.



The March quarter resulted in an operating cash outflow of \$1,595,830 compared to an operating cash outflow of \$410,097 reported in the previous quarter.

Net cash from investing activities was \$2,054,946, comprising proceeds from other non-current activities of \$1,651,142 and property, plant and equipment of \$447,804 in connection with the sale agreement for the disposal of AXP's oil & gas assets in Illinois and the Appalachian Basin. This was offset by outflows of \$114,000 due to ongoing legacy payment plan disbursements made during the quarter (includes a final settlement of one vendor).

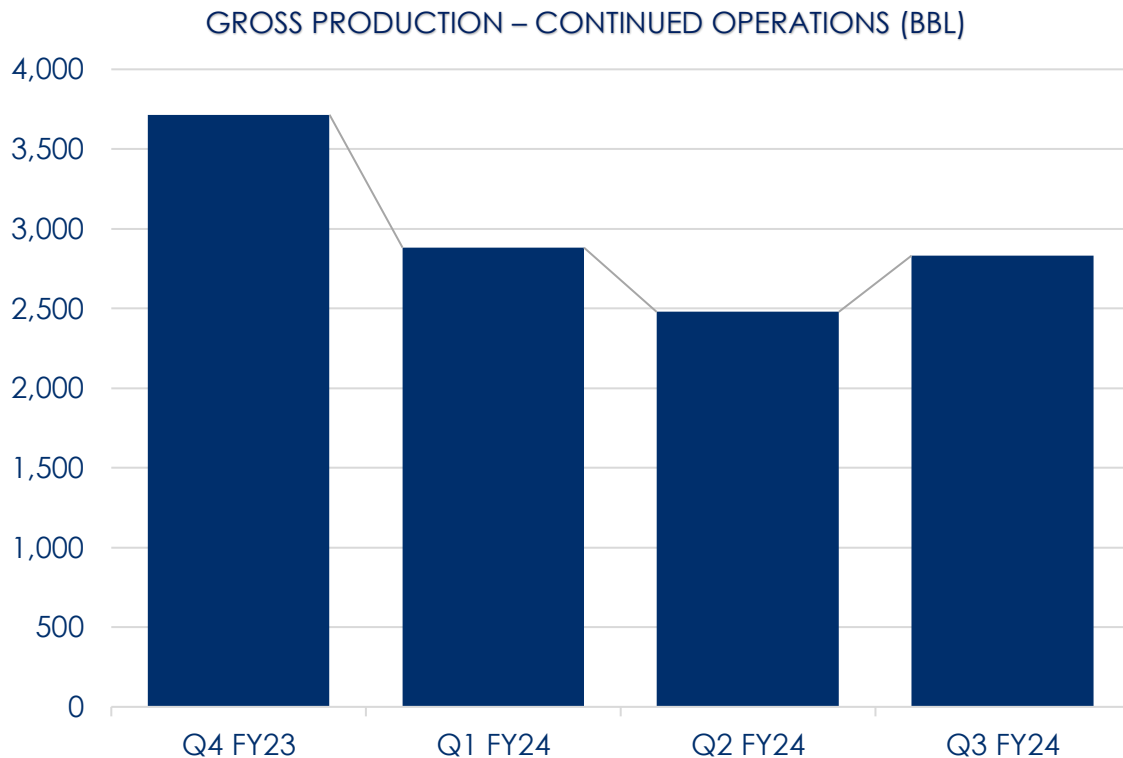
Cash and cash equivalents at quarter end amounted to \$1,562,190, with short-term debt obligations of \$320,165. Payables continue to be managed in the normal course of business.

During the quarter the Company completed the sale of its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc. Consideration for the sale was \$4,000,000 plus oil in tank inventory as at 30 September 2023. Closing adjustments to be settled by 7 May 2024.

The sale has been accounted for as a discontinued operation from 29 September 2023. Any receipts and costs paid on behalf of Mountain V Oil & Gas, Inc post-closing have been classified as part of financing activities and will be recovered as part of the closing adjustments.

PRODUCTION & OPERATIONS OVERVIEW

Gross production for the March quarter was 2,833 BOE (barrels of oil equivalent), up 14% on the previous quarter (2,478 BOE).



EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration & Evaluation expenses of \$114,000 paid during the quarter, related to ongoing legacy payment plan disbursements. Development expenses of \$nil paid during the quarter.

The Company continues to progress the leasing and permitting at least one gas fired generator for its Colorado operation. By combusting gas, we expect that oil production should gradually increase. Revenues from oil sales should increase commensurately and ultimately, we should be able to sell electricity into the grid. The Company is also exploring other potential customers for electricity sales and have identified a number of alternative sales avenues that could lead to additional revenue from these electricity sales.

HEALTH, SAFETY & ENVIRONMENT

No Recordable Injuries or environmental concerns were recorded during the quarter.

A Notice of Alleged Violation was issued by the State of Colorado for a discrepancy in the Bradenhead testing requirement on 7 wells. The Operations team is continuing to work through this discrepancy with the regulators.

TENEMENT SCHEDULE

As a result of the sale to Mountain V, all leases associated with the Illinois and Appalachian Basin assets were divested during this quarter. The following table summarises the Group's tenements as at 31 March 2024.

OPERATING SEGMENT	Quarter ended 31-Dec-23		Quarter ended 31-Mar-24		Percentage change in holding during Quarter
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Appalachian Basin					
Kentucky	74	62,769	-	-	(100%)
Virginia	83	4,504	-	-	(100%)
Tennessee	85	2,485	-	-	(100%)
Illinois Basin					
Kentucky	80	6,393	-	-	(100%)
Indiana	78	2,011	-	-	(100%)
Illinois	80	130	-	-	(100%)
Denver-Julesburg Basin					
Colorado	76	12,902	76	12,902	-
TOTAL		91,194		12,902	(86%)

PAYMENTS TO RELATED PARTIES

Director's fees of \$38,000 were paid in the quarter.

EXPECTED RECEIPTS AND REDUCED COSTS IN Q4 FY24

Over the June quarter, the Company expects to receive approximately \$900K as a result of Post-Closing net payments made by the Company on behalf of Mountain V (see item 3.9 of the Appendix 5B) and the return of bonds following the transfer of the leases to Mountain V.

Additionally, many of the operating costs (production, staff, administration and corporate) will fall substantially as the majority of these direct costs were associated with the divested assets (see items 1.2 (c), (d) and (e) of the Appendix 5B).

The Company is now critically analysing its cost base with a view to reducing its overheads even further to minimise our cash outflows.

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

-ENDS-

FURTHER INFORMATION: ir@axpenergy.com

Andrew Bald, Non-Executive Director: 0409 758 229

Sam Jarvis, Non-Executive Chairman: 0418 165 686

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) is an oil & gas production and development company with core operations in Colorado. 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")

31 March 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from Elite Mining Inc ('EMI')	-	-
Receipts from customers (excluding EMI)	464	6,708
1.2 Payments for		
(a) exploration & evaluation - EMI	-	-
exploration & evaluation – all others	-	-
(b) development - EMI	-	-
development - all others	-	(6)
(c) production - EMI	-	-
production - all others	(844)	(4,836)
(d) staff costs - EMI	-	-
staff costs - all others	(443)	(2,021)
(e) administration and corporate costs - EMI	-	-
administration and corporate costs – all other	(377)	(1,447)
1.3 Dividends received	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(12)	(63)
1.6 Income taxes paid	(385)	(385)
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	(1,596)	(2,047)

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 (9 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	(114)	(147)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	448	448
(d) investments	-	-
(e) other non-current assets	1,651	3,651
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received	-	-
2.5 Other – deposits received	70	70
2.6 Net cash from / (used in) investing activities	2,055	4,022
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	(126)	(421)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

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 (9 months) \$US'000
3.9	Other – Post closing net payments made on behalf of Mountain V Oil & Gas, Inc (to be recovered as part of final closing settlement due by 7 May 2024)	(504)	(504)
3.10	Net cash from / (used in) financing activities	(630)	(925)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,737	522
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,596)	(2,047)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	2,055	4,022
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(630)	(925)
4.5	Effect of movement in exchange rates on cash held	(4)	(10)
4.6	Cash and cash equivalents at end of period	1,562	1,562

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	1,562	1,737
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)	1,562	1,737

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	38
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.</i>		
<i>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	320
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	320
7.5 Unused financing facilities available at quarter end		180
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 First Energy Partners Pty Ltd. at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2024. \$320,165 of the facility has been drawn upon as of 31 March 2024.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,596)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(114)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,710)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,562
8.5 Unused finance facilities available at quarter end (item 7.5)	180
8.6 Total available funding (item 8.4 + item 8.5)	1,742
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.02
<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: During the quarter the Company settled various material historical amounts outstanding in relation to the assets disposed, as well as Federal and States taxes arising as a result of the sale. Going forward the expenses paid will be materially lower than the current quarter.	
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: At present the Company does not need to raise cash to fund its operations. The company has sufficient cash existing cash flows and cash from existing operations. The Company expects to receive approximately \$900k as a result of Post Closing net payments made by the Company on behalf of Mountain V and the return of bonds following the transfer of the leases to Mountain V.	

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: Yes, the entity expects to continue its operations and to meet its business objectives. During the quarter the Company settled various material historical amounts outstanding in relation to the assets disposed, as well as Federal and States taxes arising as a result of the sale. Going forward the expenses paid will be materially lower than the current quarter. The Company expects to receive approximately \$900k as a result of Post Closing net payments made by the Company on behalf of Mountain V and the return of bonds following the transfer of the leases to Mountain V.

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: 30 April 2024.....

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.