



ASX ANNOUNCEMENT

31 JULY 2024

QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 30 June 2024 (all in USD unless stated otherwise).

HIGHLIGHTS

- Revenue from 100%-owned Colorado operations increased 73% to **\$207,604** (previous quarter: \$120,001), reflecting a combination of increased oil production, sales volumes and higher realised prices during the quarter.
- Gross oil production from Colorado increased 8% for the quarter to **3,054 barrels of oil**.
- The successful installation of the first gas-powered generator at the Pathfinder Field in Colorado was the main driver of increased oil production as it has provided an avenue to dispose of more gas from one oil well brought back on pump during the quarter.
- AXP is seeking new avenues to monetise the gas from the Pathfinder Field which will also lead to increased oil production and the ability to establish a natural gas liquids (NGL) revenue stream.
- Customers receipts in the quarter were **\$225,484** (prior quarter \$464,299). The prior quarter customer receipts included contributions from assets that have since been sold.
- Cash and cash equivalents at quarter end were **\$1,464,487** (previous quarter: \$1,562,190).
- Unsold oil inventory held at quarter end totalled **1,014 barrels of oil** (previous quarter: 1,679 barrels of oil).
- Post quarter end, AXP also concluded the transaction with Mountain V Oil & Gas, Inc, and as such, is now solely focused on developing its Colorado oil & gas leases.
- The Company expects to receive a further return of bonds valued at **\$312,000** in the next few months following the transfer of leases to Mountain V.

Director Andrew Bald commented: "With the divesture of the Appalachian and Illinois assets now complete, AXP is well placed to better realise the value of our 100%-owned Colorado assets. A key focus is to find profitable sales channels for our gas by expanding power generation activities, increase oil production and build a profitable NGLs business. Given gas flaring is prohibited in Colorado, and many of our wells flow both gas and oil, we can only increase oil production by finding sales channels for Pathfinder's gas. The installation of the first gas-fired generator marks our first step in establishing Pathfinder as a large, off-grid gas-fired power generation operator. Our field is well-situated to be able to deliver this and we are looking to increase the number of generators on site. At the same time, and as a first priority, we plan to increase quarterly oil production and further reduce the cost base."

FINANCIAL & CORPORATE OVERVIEW

Revenue from continuing operations for the June quarter was 73% higher than the March quarter at \$207,604 (prior quarter: \$120,001). The growth was attributable to increased production, sales volumes and higher realised pricing.

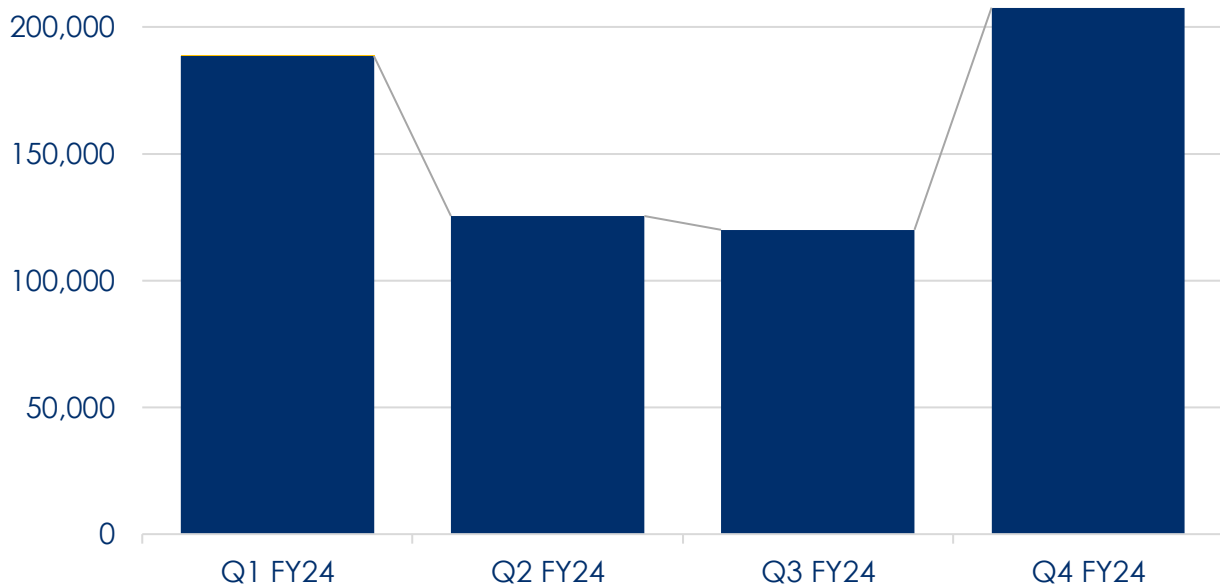
The following table summarises and compares the Company's net sales quantities by hydrocarbon for the past 2 quarters:

NET SALES QUANTITIES (from continuing operations)*	Q3 2024	Q4 2024	% CHANGE
Oil [BBL]	1,851	2,845	+54%

* Post royalties

Net oil sales volumes increased by 54% and realised pricing increased 19%. quarter-on-quarter.

REVENUE – CONTINUING OPERATIONS (U\$)



The June quarter resulted in an operating cash outflow of \$491,462 compared to an operating cash outflow of \$1,595,830 in the previous quarter.

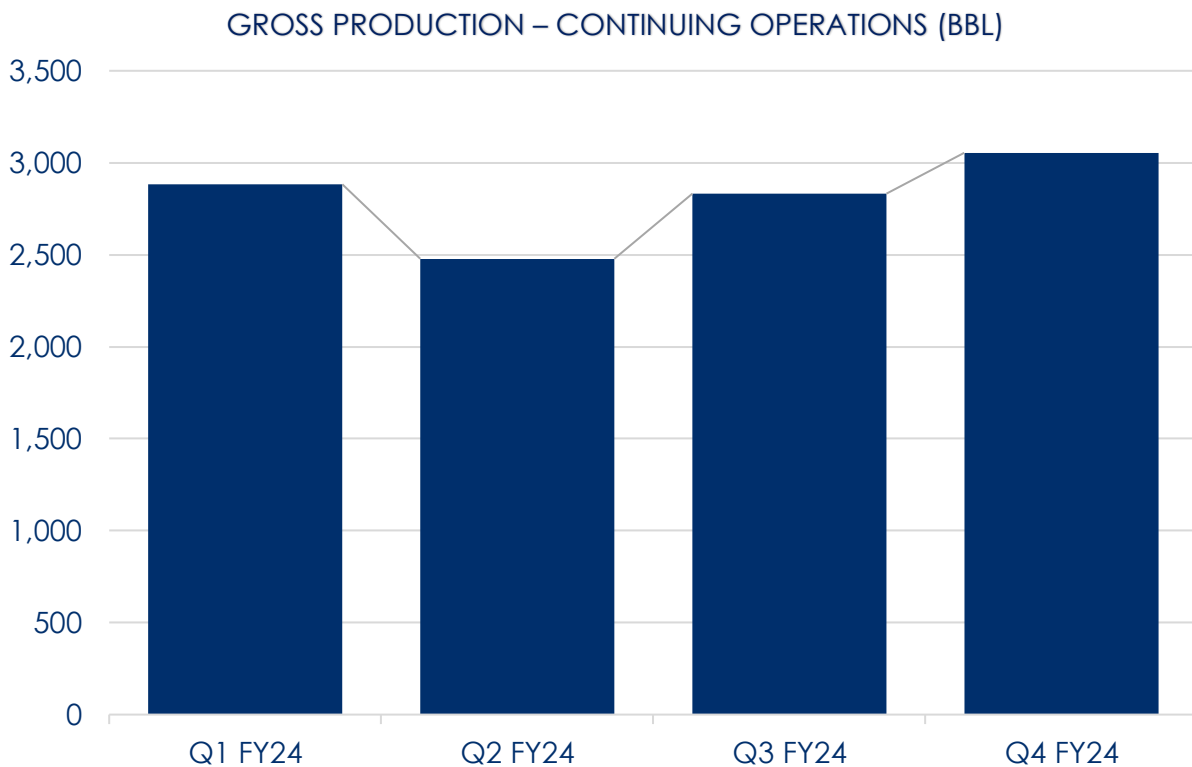
Net cash inflow from investing activities was \$214,939, comprising proceeds from the disposal of property, plant and equipment of \$126,939 in connection with the sale of AXP's oil & gas assets in Illinois and the Appalachian Basin and receipt of bond refunds of \$100,000. This was offset by outflows of \$12,000 due to ongoing legacy payment plan disbursements made during the quarter.

Cash and cash equivalents at quarter end amounted to \$1,464,487, with short-term debt obligations of \$329,662. Subsequent to the quarter end, the Company:

- a) finalised its closing adjustments with Mountain V Oil & Gas, Inc, resulting in an inflow of \$270k.
- b) received \$200k refunds in deposits and bonds. The Company expects to receive a further return of bonds in the next few months of around \$312k following the transfer of leases to Mountain V.
- c) utilised these proceeds to repay its short-term debt obligations in full, resulting in the closure of its unsecured working capital facility. Payables continue to be managed in the normal course of business.

PRODUCTION & OPERATIONS OVERVIEW

Gross oil production for the June quarter was 3,054 barrels of oil up 8% on the previous quarter of 2,833 barrels of oil.



EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration & Evaluation expenses of \$12,000 paid during the quarter, related to ongoing legacy payment plan disbursements. Development expenses of \$nil paid during the quarter.

In early June 2024, the Company rented a 750kw gas fired generator for its Colorado operation. As a result, oil production has gradually increased and revenues from oil sales have increased commensurately.

The Company is well-advanced identifying potential customers for electricity and we hope to have positive news in this current quarter. Once we can establish our first end-user connection and demonstrate that we can produce and sell power reliably, we will add more generation capacity.

In short, the more electricity we can sell or dispose of, the more gas we can move and the more oil we can produce and sell.

HEALTH, SAFETY & ENVIRONMENT

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

TENEMENT SCHEDULE

The following table summarises the Group's tenements as at 30 June 2024.

OPERATING SEGMENT	Quarter ended 31-Mar-24		Quarter ended 30-Jun-24		Percentage change in holding during Quarter
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Denver-Julesburg Basin					
Colorado	76	12,902	76	12,902	-
TOTAL		12,902		12,902	-

PAYMENTS TO RELATED PARTIES

Director's fees of \$38,631 were paid in the quarter.

EXPECTED RECEIPTS, PAYMENTS AND REDUCED COSTS IN FY25

Subsequent to the quarter end:

- a) The Company finalised its closing adjustments with Mountain V Oil & Gas, Inc, resulting in an inflow of \$270k.
- b) The Company received \$200k refunds in deposits and bonds. The Company expects to receive a further return of bonds in the next few months of around \$312k following the transfer of leases to Mountain V.
- c) The Company repaid its unsecured working capital loan of \$330k in full, resulting in the closure of the working capital facility.

Additionally, nearly all of the operating costs (staff, administration and corporate) associated with the Appalachian Basin project have been cut as a direct result of the divestment of assets.

The Company has implemented a cost cutting program and continues to review its cost base with a view to further reducing overheads.

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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from Elite Mining Inc ('EMI')	-	-
Receipts from customers (excluding EMI)	225	6,933
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	(110)	(4,946)
(d) staff costs - EMI	-	-
staff costs - all others	(361)	(2,382)
(e) administration and corporate costs - EMI	-	-
administration and corporate costs – all other	(243)	(1,691)
1.3 Dividends received	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(3)	(69)
1.6 Income taxes paid	-	(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	(491)	(2,542)

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 (12 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	(12)	(159)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	127	595
	(d) investments	-	-
	(e) other non-current assets	-	3,644
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other – deposits received	100	170
2.6	Net cash from / (used in) investing activities	215	4,250
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	(27)	(458)
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 (12 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)	206	(298)
3.10	Net cash from / (used in) financing activities	179	(756)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,562	522
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(491)	(2,542)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	215	4,250
4.4	Net cash from / (used in) financing activities (item 3.10 above)	179	(756)
4.5	Effect of movement in exchange rates on cash held	(1)	(10)
4.6	Cash and cash equivalents at end of period	1,464	1,464

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	1,464	1,562
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)	1,464	1,562

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	39
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	500	330
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	330
7.5 Unused financing facilities available at quarter end		170
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. \$329,662 of the facility has been drawn upon as of 30 June 2024. Subsequent to the quarter's end, the Company repaid the loan in full utilising post quarter end proceeds from the final Mountain V settlement and refunds from deposits and bonds. The facility is now closed.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(491)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(12)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(503)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,464
8.5 Unused finance facilities available at quarter end (item 7.5)	170
8.6 Total available funding (item 8.4 + item 8.5)	1,634
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.25
<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 July 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.