



AXPENERGY

QUARTERLY UPDATE WEBINAR

28 July 2021

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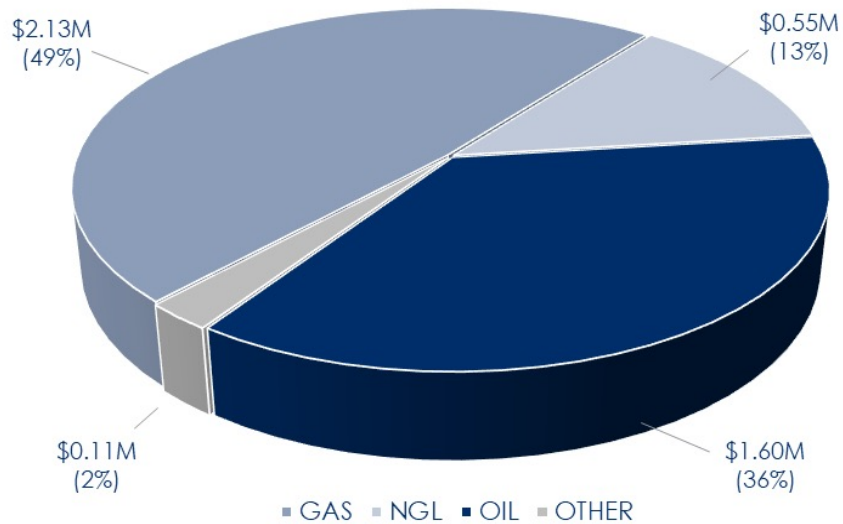
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Quarterly Summary



QUARTERLY NET REVENUE BY HYDROCARBON

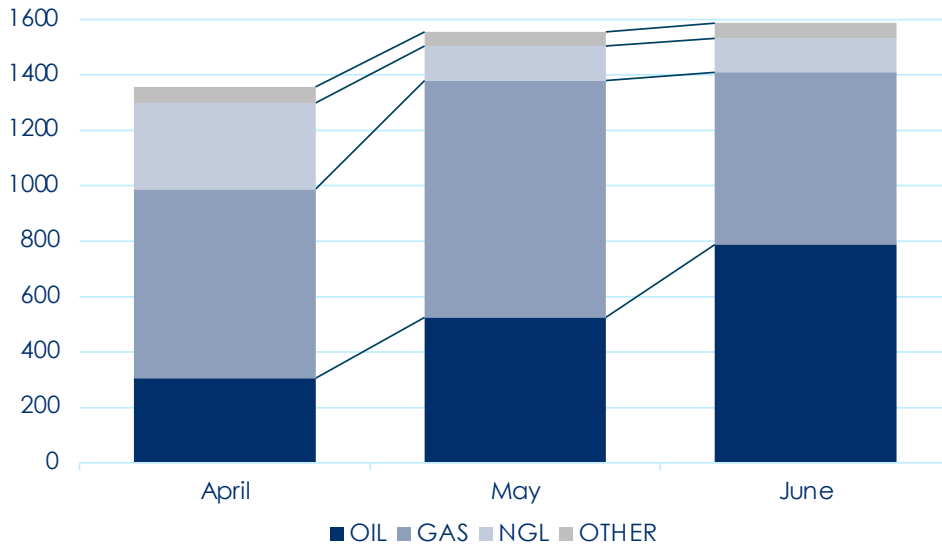


- Quarterly Net Revenue **\$4,386,654** (prior Quarter \$1,730,518)
- Net customer receipts **\$3,733,924** (prior Quarter \$1,880,643)
- **24,584 BBL** sold (prior Quarter 12,894 BBL)
- Inventory at **23,215 BBL** at Quarter end
- Gas sales of **694 Mcf** and NGL sales of **33,321 BBL**
- Cash at quarter end **\$1,391,795 + value of unsold oil inventory**
- **\$1.262M** paid to settle MHP transaction, **\$585K** paid on Trey

Quarterly Summary



MONTHLY NET REVENUE [\$ '000]



TOP LINE (REVENUE)

- Gas & NGL sales were pressured due to external factors – more upside as stability returns
- Oil revenue tripled through the quarter – growth in monthly production is a key focus

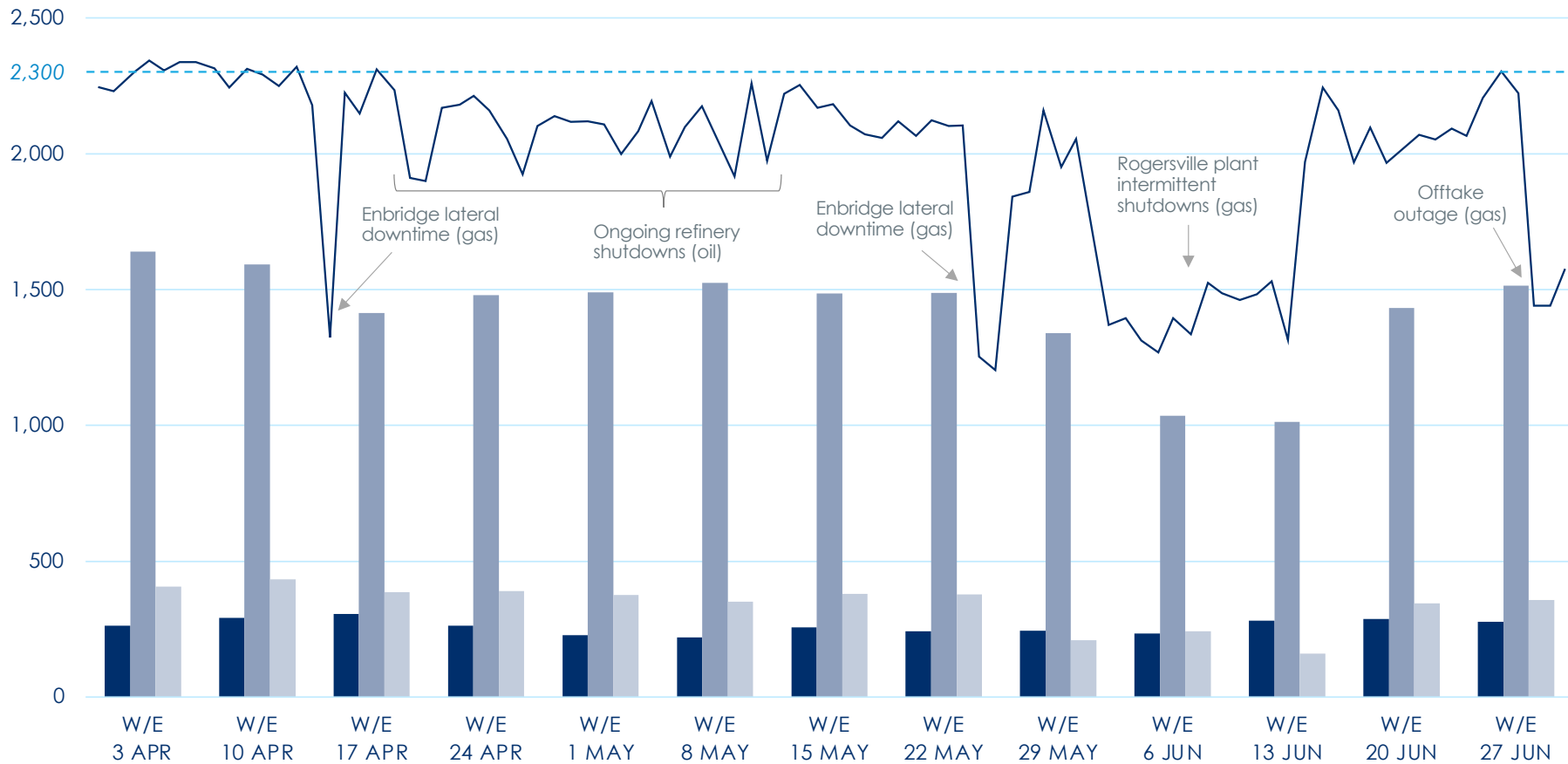
IMPROVING THE COST BASE

- ~\$400k in one-off/non-recurring costs as MHP transitioned in
- \$208K in legacy Colorado expenses paid out

Quarterly Production Summary



DAILY PRODUCTION WITH WEEKLY AVERAGES BY HYDROCARBON (BOEPD)

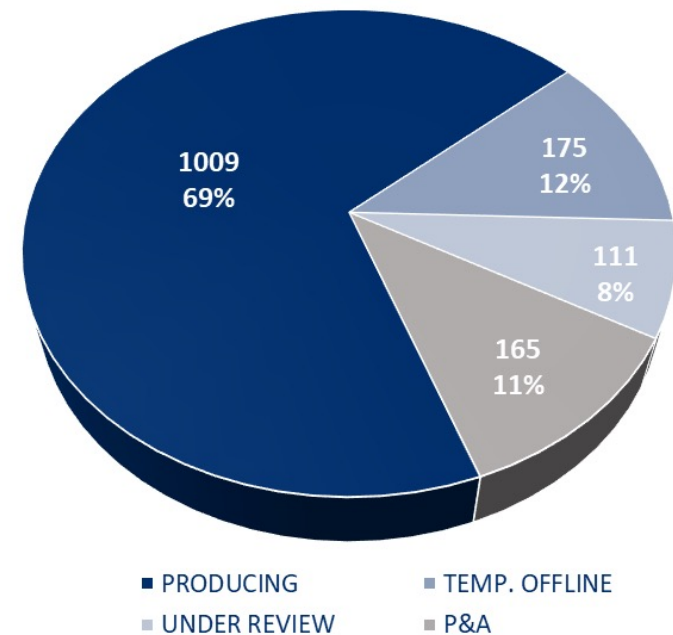


Current Well Status



	MHP	TREY	CO	KY JV	TOTAL
PRODUCING	893	75	19	22	1,009
TO BE CONNECTED	145	3	5	22	175
UNDER REVIEW	75	30	1	5	111
P&A	140	11	3	11	165
TOTAL	1,253	119	28	60	1,460

- 175 wells temporarily offline and to be reconnected in coming quarters
- A further 111 wells are being reviewed and will either be brought online (with or without workover) or abandoned
- 165 wells are scheduled for P&A, of which 13 will be completed this calendar year and a further 13 next calendar year – very limited cost



Production Enhancement Program (Internally Funded)



2021 PRODUCTION ENHANCEMENTS	JUL (F)	AUG (F)	SEP (F)	OCT (F)	NOV (F)	DEC (F)
KAYJAY PIPELINE UPGRADE - 31 WELL TIE-IN	6 WELLS	6 WELLS	6 WELLS	8 WELLS		
PHASE 3 WORKOVER PROGRAM (129 WELLS)		7 WELLS	15 WELLS	15 WELLS	15 WELLS	15 WELLS

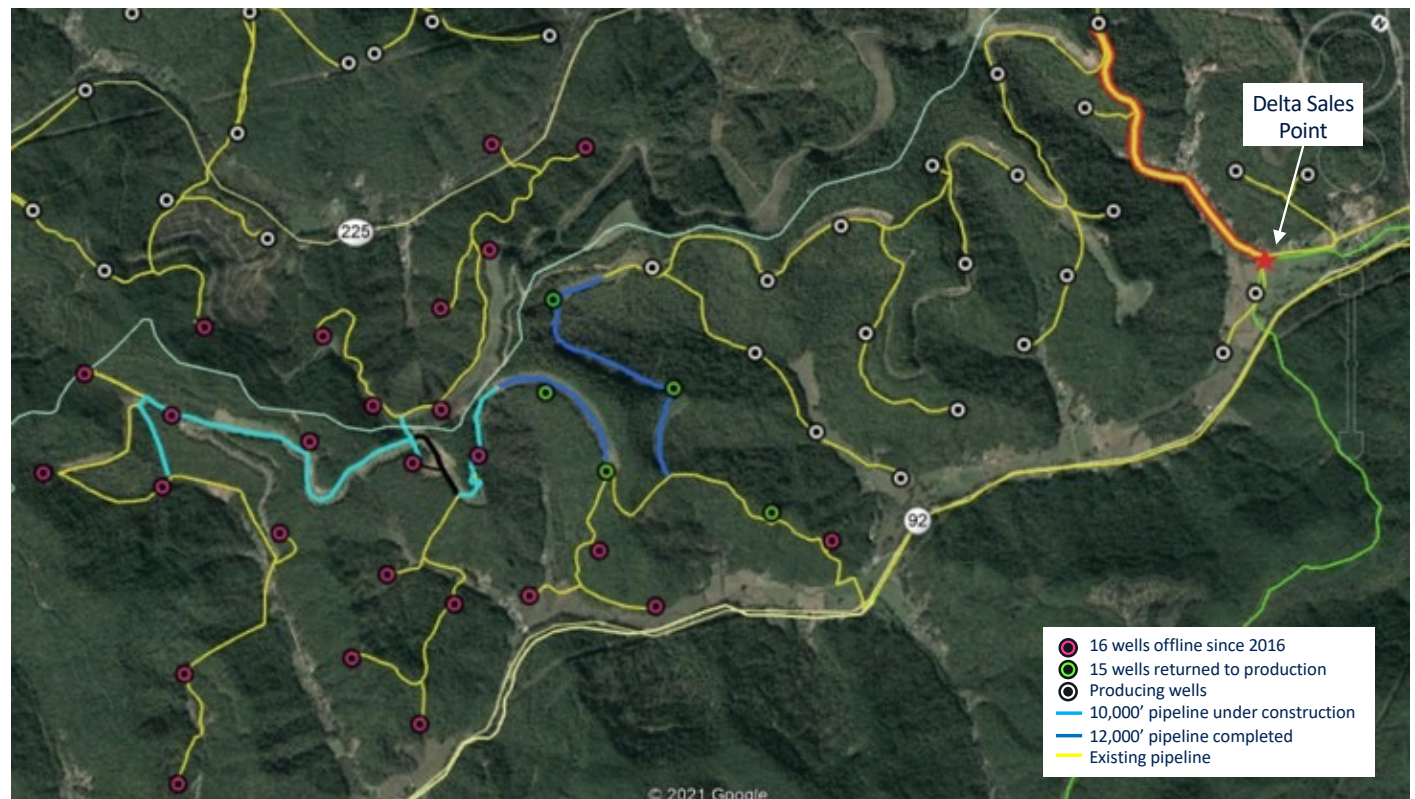
- The initial program (April-Jun) brought 42 wells into production
- KayJay pipeline upgrade consists of tying in a further 31 wells which had been offline since 2016
- Phase 3 programs will bring a further 129 wells into production

KayJay Pipeline Project



One of several small, self funded projects that the company is undertaking

- 31 wells – Offline since 2016
- Tying raw gas into existing sales channel (Delta) at -U\$0.28 differential
- 22,000' pipeline being laid
- Over 50% complete – expected completion September
- Planned production increase of 400 Mcf/d
- ~200 Mcf/day and some unexpected oil production has been delivered so far

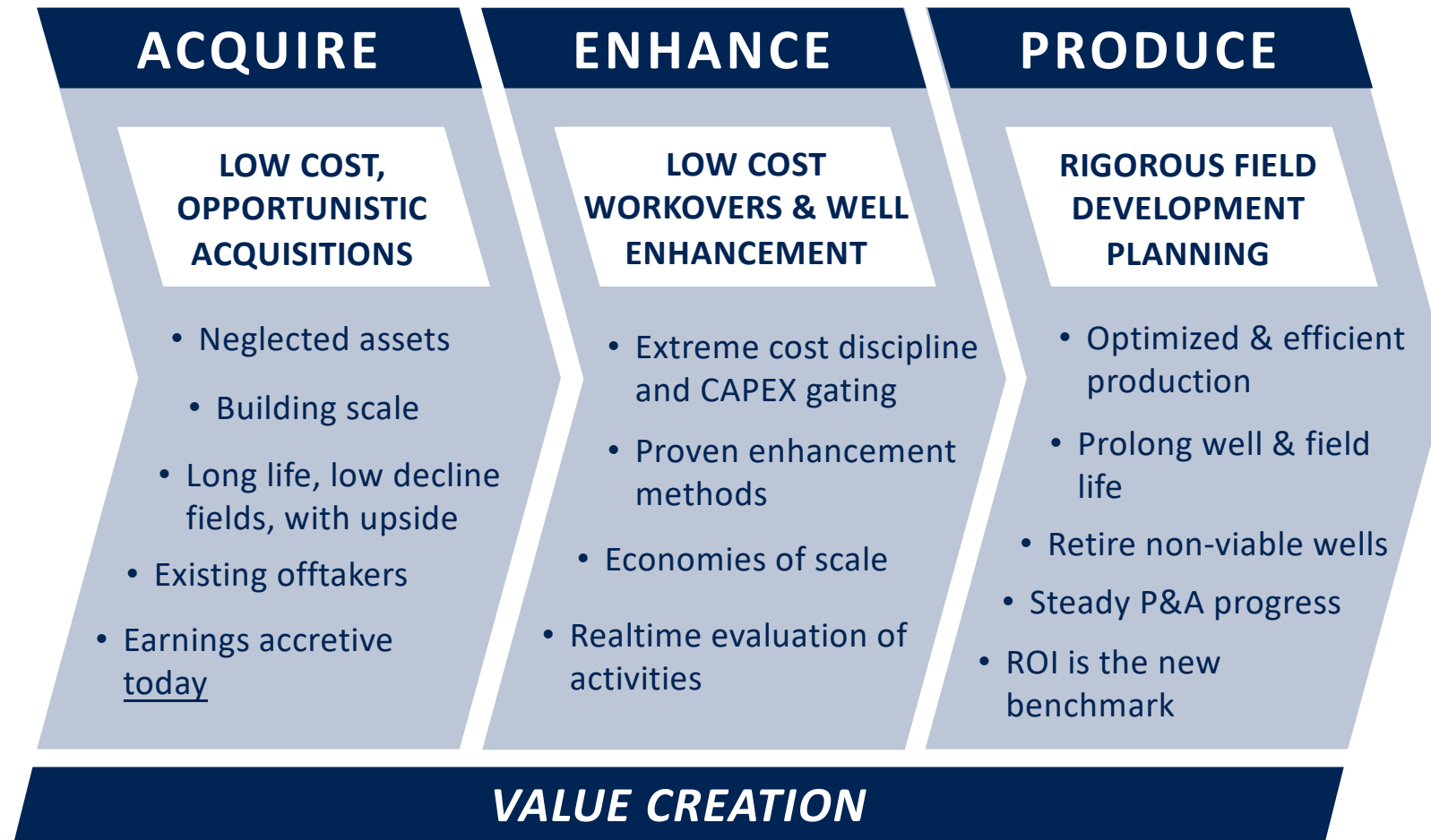


Driving Top Line Growth & Improving Margins



CHALLENGE / INITIATIVE	ISSUE & APPROACH	STATUS
REFINERY SHUT-INS	Ergon refinery operating at 50% capacity for 60 days to date during the quarter. We have established a backup sales point and procured our own transport vehicles to mitigate this risk in the future.	<i>Reducing</i>
GAS TPC INTERRUPTIONS	Our main gas transport, processing and compression partner has experienced 20 days planned and unplanned maintenance during the quarter resulting in approximately 15% downtime this quarter.	<i>Reducing</i>
WORKOVER STRATEGY	Identify and rank workover and production enhancement across 1,460 well portfolio to optimize hydrocarbon mix.	<i>Ongoing</i>
PRICING	Re-negotiating terms with key off-takers. Engagement with pricing specialists.	<i>In progress</i>
INVENTORY MANAGEMENT	Aggressively sold down built-up inventory. Now moderating sales to take advantage of price optimism.	<i>In progress</i>
REVALUATION	MHP & Trey independent reserves report in progress.	<i>In progress</i>
COSTS	Deep dive on costs, economies and key cost drivers.	<i>Unresolved</i>
TREY, CO & KY JV	Cross pollination. Multiple avenues being pursued for Colorado gas sales. Workovers on Trey and KY JV assets ongoing.	<i>Unresolved</i>

Our Business Model





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