



ASX ANNOUNCEMENT

4 JUNE 2024

PATHFINDER FIELD COMMERCIALISATION PROGRAM

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') is pleased to provide this update on the planned development of the Pathfinder Field ('Pathfinder') in Colorado. The Company maintains its 100% working interest (76% Net Royalty Interest) in assets located in the Denver-Julesburg (DJ) Basin in Colorado with 3,850 acres currently held by production. The Company operates a portfolio of 24 producing oil & gas wells which are located in the historic Florence Oilfield.

HIGHLIGHTS

- **750kW gas-fired generator sourced and installed for 90 day test period**
- **Pathfinder #1 and Amerigo Vespucci wells to be tied into generator**
- **Generator establishes pathway for recommencement of sustainable oil production**
- **Objective is to:**
 - *Assess gas flow rates and model larger power generation capability*
 - *Re-establish oil production and sales at Pathfinder*
- **AXP is also assessing the opportunity to commercialise Natural Gas Liquids from the liquid's rich gas**
- **Pursuing customer opportunities for electricity sales**

Following the update to the market on 2 April 2024, operations have now commenced to establish sales channels at Pathfinder including:

1. Generating sustainable oil production from 2 wells at Pathfinder that produce oil and pursuing completions in new formations identified;
2. Establishing a gas-to-electricity operation for potential customers seeking in-situ power generation at Pathfinder; and
3. Separating and selling Natural Gas Liquids (NGLs). (Pathfinder's gas is rich in liquids).

AXP is now advancing all of these sales channels. As a first step, the Company has signed a 'lease to purchase' agreement with power generation specialist Gen-Tech <https://www.gentechusa.com/> for gas-fired power generation infrastructure capable of producing 750kW of electricity continuously each hour of the day when in operation.

The generator will be powered by gas sourced from the Pathfinder #2 and the Amerigo Vespucci wells. (see image below of Gen-Tech generator prior to being mobilised to Pathfinder). The generator is expected to arrive on site this week.

AXP intends to run the generator for 90 days with the electricity initially running into a load bank until a sales channel can be secured. The first objective is to gauge gas and then oil flow rates and re-establish oil sales. The electricity generated will ultimately be sold and is viewed as a commercial solution for the associated gas production, given that flaring is restricted under Colorado law. AXP will also use the electricity to power the lift systems in its wells. The wells are currently using gas engines to produce hydrocarbons but converting them to power will enable AXP to have greater control over the wells and deliver more logging capabilities.

AXP has already engaged with a number of potential purchasers of the power. Progress on commencement of operations will be reported progressively.

Director Andrew Bald commented: *"Our focus now is on establishing sustainable production at Pathfinder and building a commercially viable operation. Previously the asset has only produced modest amounts of oil. The work we have done shows that there's potential to ramp up oil production, deliver a gas-to-power solution and establish a NGL's sales channel once we can build some scale to justify the investment in the necessary liquids stripping infrastructure. Securing the generator from Gen-Tech is a positive first step and we will look to incrementally build out the operations from here. The Board and I are also committed to providing more regular updates to shareholders and generating much greater value from this asset. Shareholders should be reminded that Pathfinder holds considerable gas and oil reserves & resources that we can systematically exploit."*



FIGURE 1: FIRST GEN-TECH GENERATOR READY FOR MOBILISATION

-ENDS-

FURTHER INFORMATION:

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ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP, OTC US: AUNXF) 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

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