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**AXPENERGY**

***QUARTERLY UPDATE WEBINAR***

*28 July 2021*

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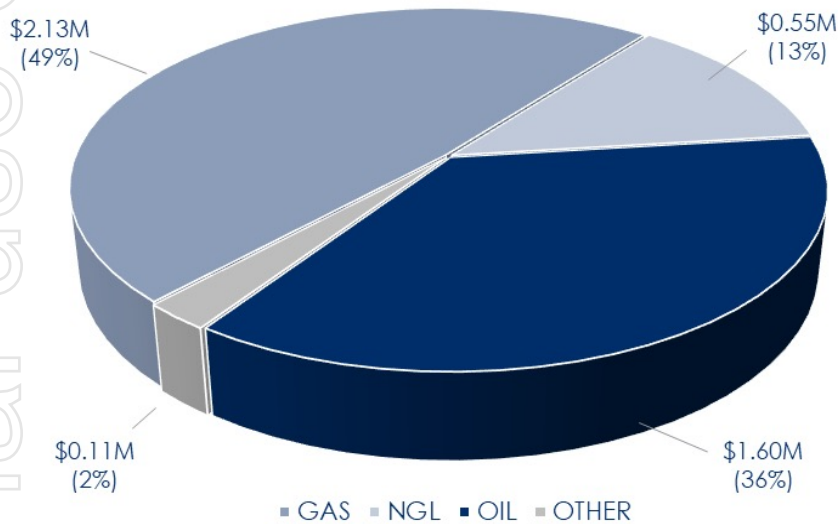
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## Quarterly Summary



### QUARTERLY NET REVENUE BY HYDROCARBON

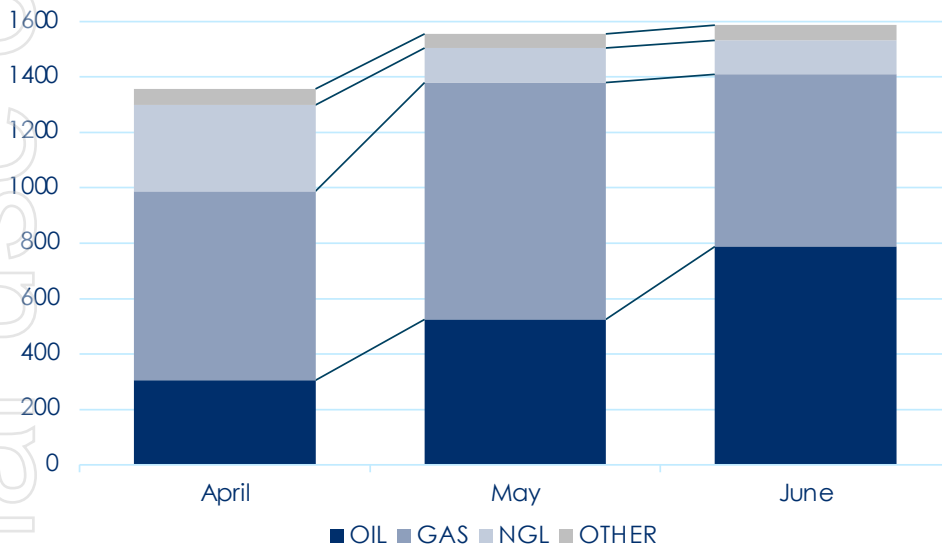


- Quarterly Net Revenue **\$4,386,654** (prior Quarter \$1,730,518)
- Net customer receipts **\$3,733,924** (prior Quarter \$1,880,643)
- **24,584 BBL** sold (prior Quarter 12,894 BBL)
- Inventory at **23,215 BBL** at Quarter end
- Gas sales of **694 Mcf** and NGL sales of **33,321 BBL**
- Cash at quarter 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

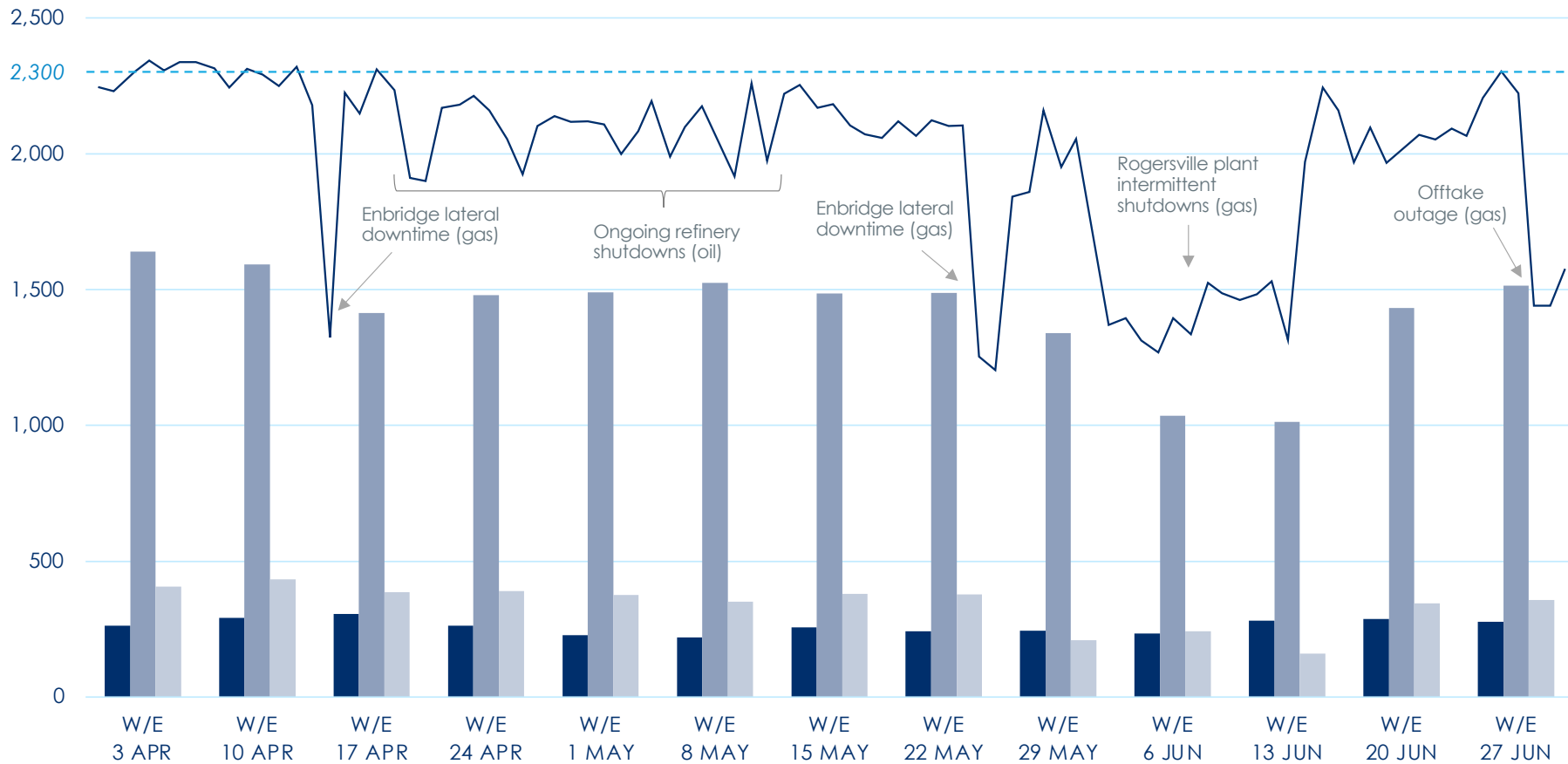
### IMPROVING THE COST BASE

- ~\$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)**

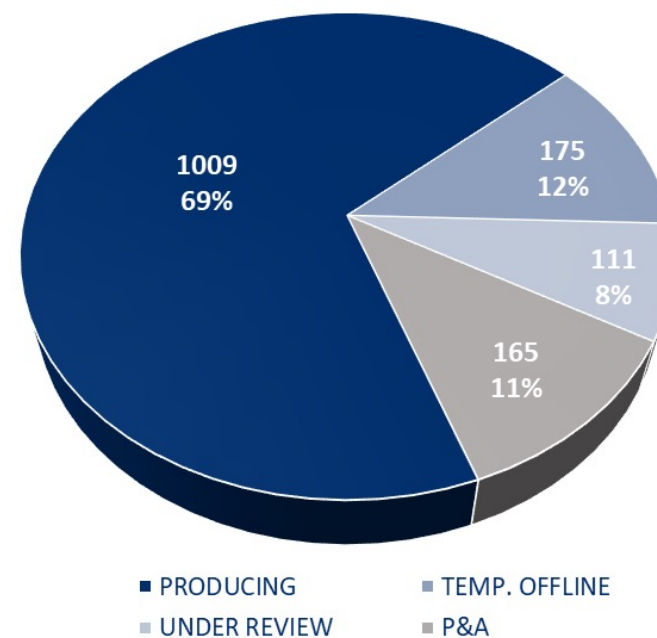


## Current Well Status



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

- 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

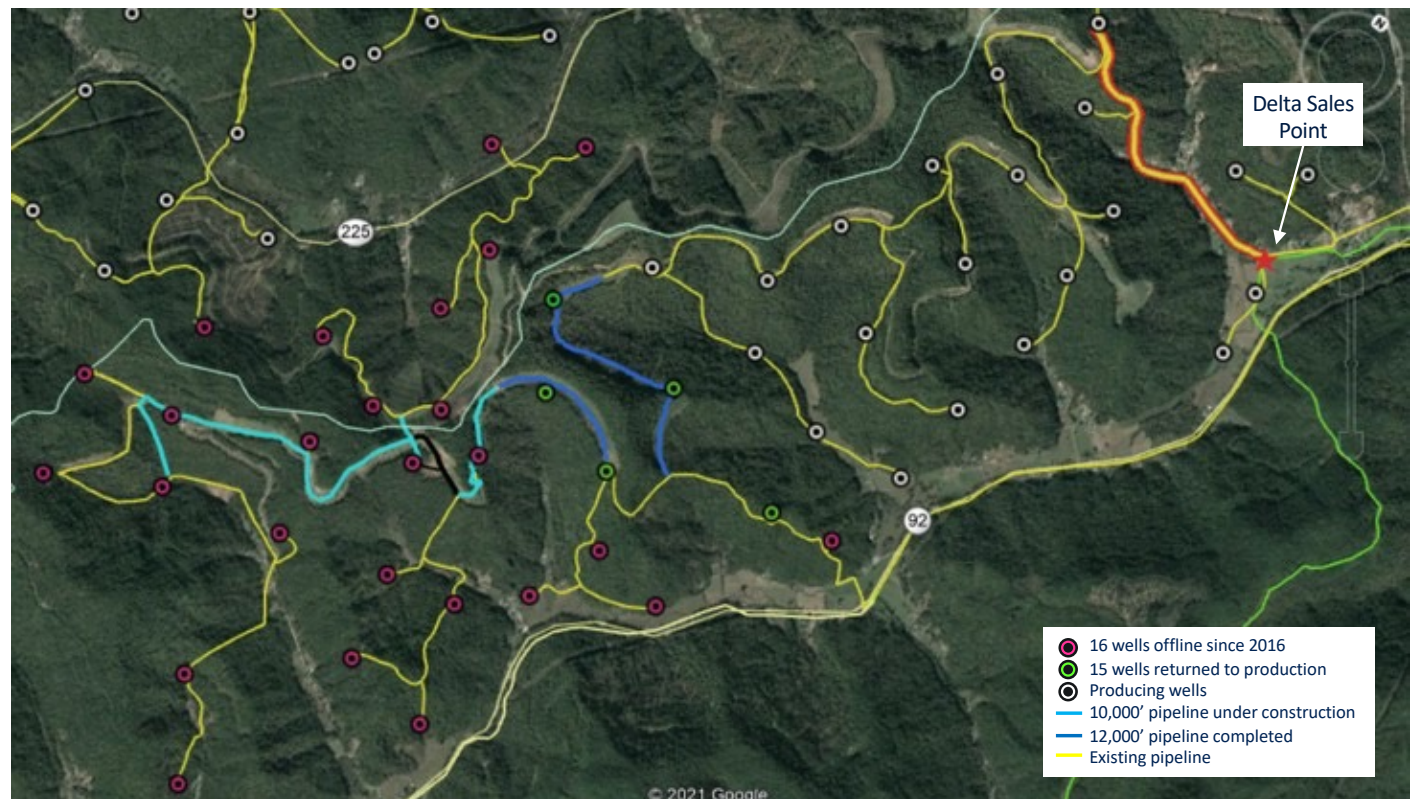


## KayJay Pipeline Project



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



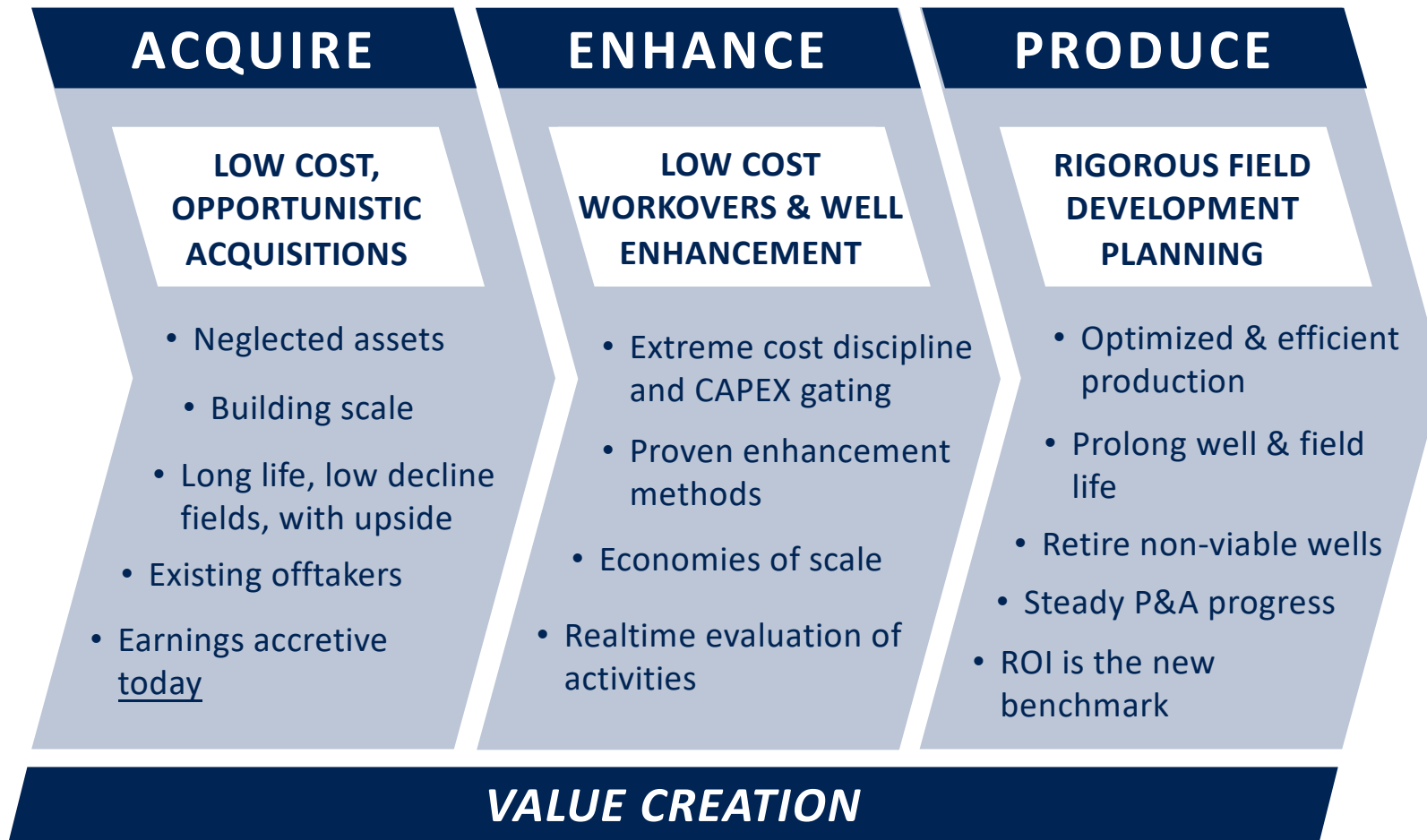


## Driving Top Line Growth & Improving Margins



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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