



26 August 2021

Ms Lin Kang  
ASX Limited  
Adviser, Listings Compliance (Sydney) ASX Limited  
20 Bridge Street,  
Sydney NSW 2000

Dear Lin,

**AXP Energy Limited ('AXP', 'Company') – Response to General Aware Query Letter Of 12 August 2021**

In response to your letter of 12 August 2021 referencing AXP's Announcement of 9 August 2021 titled "July revenue increases to A\$1.8M as production stabilises", the information contained therein ('Information') and your request for information, the Company responds as follows:

*"[ASX] Request for information*

*Having regard to the above [being various excerpts related to Listing Rule 3.1 requirements], ASX asks AXP to respond separately to each of the following questions and requests for information:*

1. *Does AXP consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?"*

*AXP: Yes.*

2. *"Does AXP consider the Information explains the recent trading in its securities?"*

*AXP: Yes.*

3. *"If the answer to either question 1 or 2 is "no", please advise the basis for that view."*

*N/A*

4. *"When did AXP first become aware of the Information?"*

*AXP: The information contained in the Announcement is a summary of the July 2021 hydrocarbon production and sales results for that month, released on the 6th business day after month end. Collation and review of the draft Information took place between Monday 2 August and Wednesday 4 August. This was then circulated internally on 5 & 6 August, with an initial draft of the July production & sales revenue report prepared by AXP management in the US. Results were reconciled and the initial draft was populated.*

On 8 August at 10:18pm (all times in AEST) the supporting detailed production & sales information (by production area and category – monthly management information not for release) and a draft announcement was circulated and copied to senior management.

On 9<sup>th</sup> August, between 3:28am and 9:16am a query was raised by a board member and resolved and at 9:16am the final version was circulated to the board for approval for release. Between 9:35am and 10:01am all directors approved the announcement for release and the final version was released to the undersigned for ASX lodgement at approximately 10:15am. At 10:18 ASX MAP confirmation of release was received.

The release was prompt once all Directors were satisfied with the announcement and this occurred within 6 business days of the July close.

5. *"If the answer to either question 1 or 2 is a "yes" and AXP first became aware of the Information before the relevant date, did AXP make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AXP was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AXP took to ensure that the information was released promptly and without delay."*

AXP: The 9 August release is an update to follow the previous month's production & revenue and similar in format to the Quarterly Activities released 18 days prior (22 July).

It is similar in style & content to previous 'price sensitive' announcements regularly released since March, namely:

9 August 2021	<i>July revenue increases to A\$1.8m as production stabilises</i>
22 July 2021	<i>Quarterly Activities &amp; Cash Flow Report</i>
5 July 2021	<i>Q4 Oil Sales Substantially exceeds forecast</i>
29 June 2021	<i>Secures improved pricing for US summer gas contract</i>
9 June 2021	<i>Oil Sales to exceed 20,500 Barrels in June Quarter</i>
27 May 2021	<i>Oil Sales exceed 13,000 barrels for the June Quarter to date</i>
13 May 2021	<i>Operations update</i>
27 April 2021	<i>Daily Production increases to 2,300 BOE per day</i>
21 April 2021	<i>Quarterly Activities &amp; Cash Flow Report</i>
1 April 2021	<i>MHP production now exceeds 2,040 BOE per day</i>
31 March 2021	<i>Completes acquisition of 1,300 Well Natural Gas portfolio</i>

The 22 July Quarterly Activities Report reported Net Monthly Revenue of ~\$1.38m in April, ~\$1.58m in May and ~\$1.6m in June (Chart 1). The Quarterly also contained a graph of daily production with weekly averages by hydrocarbon type noting the effect of various shutdowns, downtime and outages on production (Chart 3). Commentary noted "The operations team is working with our downstream partners to mitigate against these outages in the future".

The subject 9 August announcement noted 'The improved result has been driven by more reliability downstream, with significantly fewer gas processing outages for the month...', with further commentary on improved gas pricing. The intent was to substantiate what the Company had indicated in the 22 July Quarterly, and subsequently in a webinar, that the late May and June downstream production outages had been generally alleviated.

July revenue, reported on 9 August, represented a 12.5% increase over June, validating the Company's previous assertion that June production was subject to exogenous factors (i.e., the downstream outages). The new gas sales contract pricing also supported the improved July revenue.

This information was released following the sequence of events outlined in Company's response to question 4 (above) which AXP considers was prompt and without delay. The information could not be released until it had been reconciled by management on the ground in the US, then verified and finally approved by the Board.

No trading halt or pause was requested as the announcement did not appear to satisfy ASX guidance on trading halts, particularly when compared with the examples in Annexure A of Guidance Note 8 and the examples in Guidance Note 16.

Previous announcements (detailed above) have not resulted in a material price and/or volume changes and the significance of the subject announcement to an investor would require knowledge of our 22 July 2021 announcement.

6. *"If the answer to question 2 is "no" is there any other explanation that AXP may have for the recent trading in its securities?"*

N/A

7. *"Please confirm that AXP is complying with the Listing Rules and, in particular, Listing Rule 3.1."*

AXP: The Company is in compliance with the ASX Listing Rules and in particular Listing Rule 3.1.

8. *"Please confirm that AXP's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AXP with delegated authority from the board to respond to ASX on disclosure matters."*

AXP: The above responses have been authorised and approved by the Board of AXP.

Please call or email if you require any further information.

Yours faithfully



**Robert Lees**  
**Company Secretary**  
**AXP Energy Limited**



12 August 2021

Reference: 37879

Mr Robert Lees  
Company Secretary  
AXP Energy Limited  
Suite 302, Level 3  
17 Castlereagh Street  
Sydney NSW 2000

By email

Dear Mr Lees

**AXP Energy Limited('AXP'): General – Aware Query**

ASX refers to the following:

- A. AXP's announcement entitled "July revenue increases to A\$1.8M as production stabilises" lodged on the ASX Market Announcements Platform and released at 10.18 AM on 9 August 2021 (the 'Announcement'), disclosing the net revenue (being revenue after royalties) of \$1.8 million for July 2021 ('Information').
- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

#### **Request for information**

Having regard to the above, ASX asks AXP to respond separately to each of the following questions and requests for information:

1. Does AXP consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. Does AXP consider the Information explains the recent trading in its securities?
3. If the answer to either question 1 or 2 is "no", please advise the basis for that view.
4. When did AXP first become aware of the Information?
5. If the answer to either question 1 or 2 is "yes" and AXP first became aware of the Information before the relevant date, did AXP make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AXP was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AXP took to ensure that the information was released promptly and without delay.
6. If the answer to question 2 is "no", is there any other explanation that AXP may have for the recent trading in its securities?
7. Please confirm that AXP is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that AXP's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of AXP with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Monday, 16 August 2021**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AXP's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AXP to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AXP's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AXP's securities under Listing Rule 17.3.

### Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AXP's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AXP's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

### Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

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**Lin Kang**

Adviser, Listings Compliance (Sydney)