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**AXP ENERGY**

**QUARTERLY UPDATE WEBINAR**

*3 FEBRUARY 2022*

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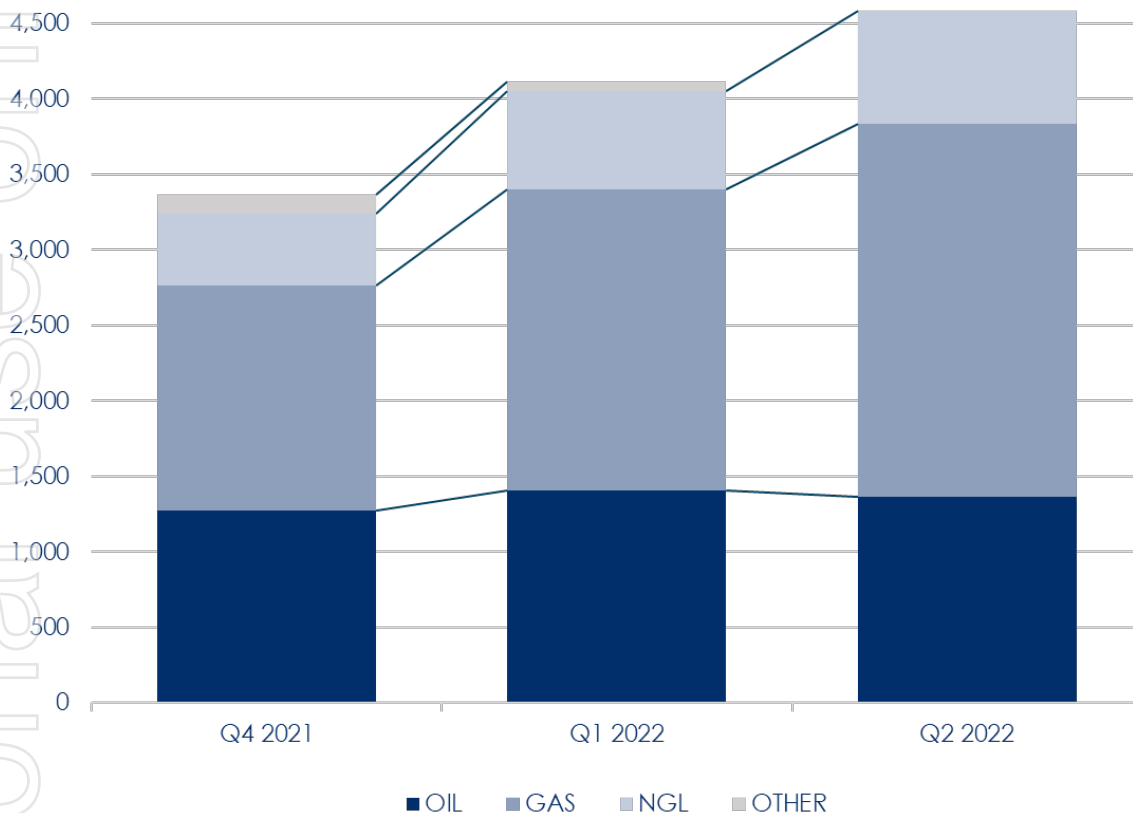
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## QUARTERLY NET REVENUE – BY HYDROCARBON



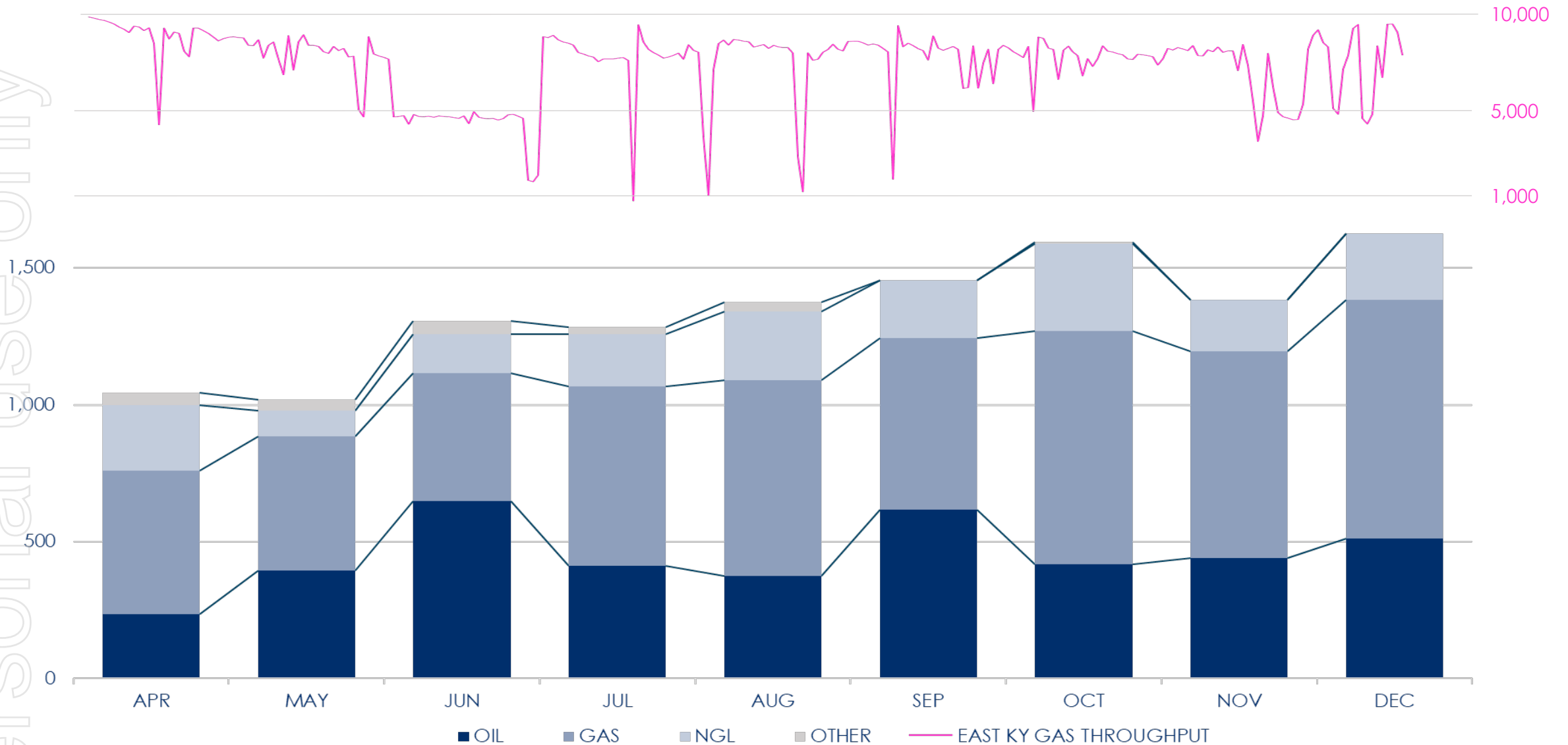
## HIGHLIGHTS

- Quarterly Net Revenue **\$4,580,652** (prior quarter \$4,115,578) – An **11%** increase
- Net customer receipts **\$4,617,874** (prior quarter \$3,697,811) – A **25%** increase
- Barrels of oil sold: **26,385 BBL** (prior quarter 28,389 BBL)
- Oil inventory at 31 December: **17,762 BBL** (prior quarter end: 18,518 BBL)
- Natural gas sold: **697 MMcf** (prior quarter 774 MMcf)
- NGLs sold 26,882 BBL (prior quarter 31,202 BBL)
- Cash and cash equivalents at quarter end **\$2,709,422**, a slight decrease of \$224,327 on the previous quarter
- The Company incurred **~\$920K** in one-off costs during the quarter

# CONTINUED REVENUE GROWTH



MONTHLY NET REVENUE [\$ '000] vs EAST KENTUCKY GAS THROUGHPUT [Mcf/day]



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## DRILLING

- In-house drilling team established in 2021
- 8 Illinois Basin well locations identified (oil producing targets)
- A further 2 Appalachian Basin verticals (where the vertical section has already been drilled - ~30% of the cost) designed as horizontals have also been identified

## DUCs & RE-COMPLETIONS

- 9 DUCs identified thus far, 2 of which have now been perforated with fracking scheduled for next week
- The next 7 DUCs (2 in Western KY and 5 in Eastern KY) are predominantly gas but with a mix of oil and are now being assessed
- A further 10 Appalachian Basin gas wells have been identified with oil behind-pipe and are being studied for dual-completion
- Perforation of a potential producing zone in 1 well in the DJ Basin (Colorado) will also be completed

## WORKOVER PROGRAM

- In calendar 2021 AXP worked over 70 wells bringing in 441 BOE/d of production
- In calendar 2022, this program continues as we continue assess and work on a further 104 wells in Eastern Kentucky (Appalachian) and a further ~30 similar candidates in Western Kentucky (Illinois Basin).

- **Growth Realization**
- **Consolidation of Assets (MHP, Trey & Kentucky Exploration)**
- **Continuing to bring production back online**
  - Many of the MHP wells were offline from being shut-in since the beginning of the pandemic
- **Cost out**
  - Building our staff to support organic growth
    - Finance
    - Human Resources
    - Land & Legal affairs
    - Operations - bringing more functions in-house
    - Exploration & Development
  - Oil Transportation – control of our revenue/inventory
- **Alternative Gas Sales & Power Generation**
  - Elite Site in Colorado – initial entry into this space
  - Exploring other sites in Kentucky
  - Great sales channel but it's an Emerging Market – treading lightly
- **Macro picture strong**
  - LNG demand continues to grow worldwide
  - US continues to expand it's LNG infrastructure to strengthen supply
  - This will support strong gas prices
  - US is in the midst of a pause in development which will continue to support a strong gas price

## ACQUIRE

### LOW-COST, OPPORTUNISTIC ACQUISITIONS

- Neglected assets
- Building scale
- Long life, low decline fields, with upside
- Existing offtakers
- Earnings accretive today

## ENHANCE

### LOW-COST WORKOVERS & WELL ENHANCEMENT

- Extreme cost discipline and CAPEX gating
- Proven enhancement methods
- Economies of scale
- Realtime evaluation of activities

## PRODUCE

### RIGOROUS FIELD DEVELOPMENT PLANNING

- Optimized & efficient production
- Prolong well & field life
- Retire non-viable wells
- Steady P&A progress
- ROI is our new benchmark

## VALUE CREATION



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**THANK YOU**