



ASX ANNOUNCEMENT

15 FEBRUARY 2022

PERMIT SECURED FOR IN-SITU WELL SITE POWER GENERATION OPERATIONS WITH ELITE MINING IN COLORADO

AXP Energy Limited (ASX: **AXP**, OTC US: **AUNXF**), ('AXP', 'Company') is pleased to report that it has received the necessary permits from the Colorado Oil & Gas Conservation Commission ('COGCC') and the Colorado Department of Public Health and Environment (CDPHE) for AXP and US-based Elite Mining Inc ('EMI', 'Elite') to jointly deliver in-situ power generation, using stranded natural gas from AXP's Colorado leases, for use in EMI's cryptocurrency mining operations.

In September 2021, AXP announced that it had executed a binding Heads of Agreement ('HOA') with EMI where AXP would provide EMI with natural gas so that EMI can operate a cryptocurrency mining operation on site (see ASX release 15 September 2021). This is a pleasing development for AXP as it represents the first monetisation of natural gas from the Pathfinder field.

With the permit secured, Elite and AXP will now finalise the installation of associated infrastructure to commence operations. Work will commence this week on the installation of the first of three Elite Mobile Unit (EMUs) and the gas-fired power generation. The permits have been granted for the installation of the first three EMUs. Updates will be provided as operations progress through to the first unit going live.

To power the first three EMUs, AXP will source gas from the Pathfinder #2 well and will also run a gathering line from the Amerigo Vespucci well to ensure sufficient volumes of gas are supplied. These wells have been selected as they will also contribute to increasing oil production from this lease. Volumes will be reported when the wells are tied in and producing gas and oil at a steady state.

COMMENTARY

Chief Executive Officer Tim Hart commented: "We have been working cooperatively with the COGCC and are pleased to have secured these permits so we can get operations underway and deliver a maiden sales channel for our gas in Colorado. This will also see us bring greater volumes of valuable oil production on stream given that the chosen wells produce both. While initial gas sales volumes are modest, delivering reliable supply to EMI in the first instance is the key catalyst to then scaling up operations and thus production and we look forward to updating shareholders on progress.

"Elsewhere, we are pleased to report that our well development and drilling activities to grow oil production in Kentucky are advancing well with the first two completions on track. A fuller update will be provided shortly once we can measure flow rates from the first of these wells."

This announcement has been authorised by the Board of AXP Energy Limited.

END

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ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) (formerly Fremont Petroleum Corporation Limited) is an oil & gas production and development company with operations in Colorado, Illinois, Kentucky, Tennessee and Virginia. 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.

ABOUT ELITE MINING, INC

EMI (www.elitemininginc.com) provides mining hardware to third parties to mine digital currencies, using proprietary immersion technology. The hardware, or miners, are submerged in EMI's proprietary liquid-cooled Immersion Mining Pods, which are placed within a 28-foot Elite Mobile Unit (EMU) to optimize performance and improve energy.

DISCLAIMER

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Hydrocarbon production rates fluctuate over time due to reservoir pressures, depletion, down time for maintenance and other factors. The Company does not represent that quoted hydrocarbon production rates will continue indefinitely.