



ASX ANNOUNCEMENT

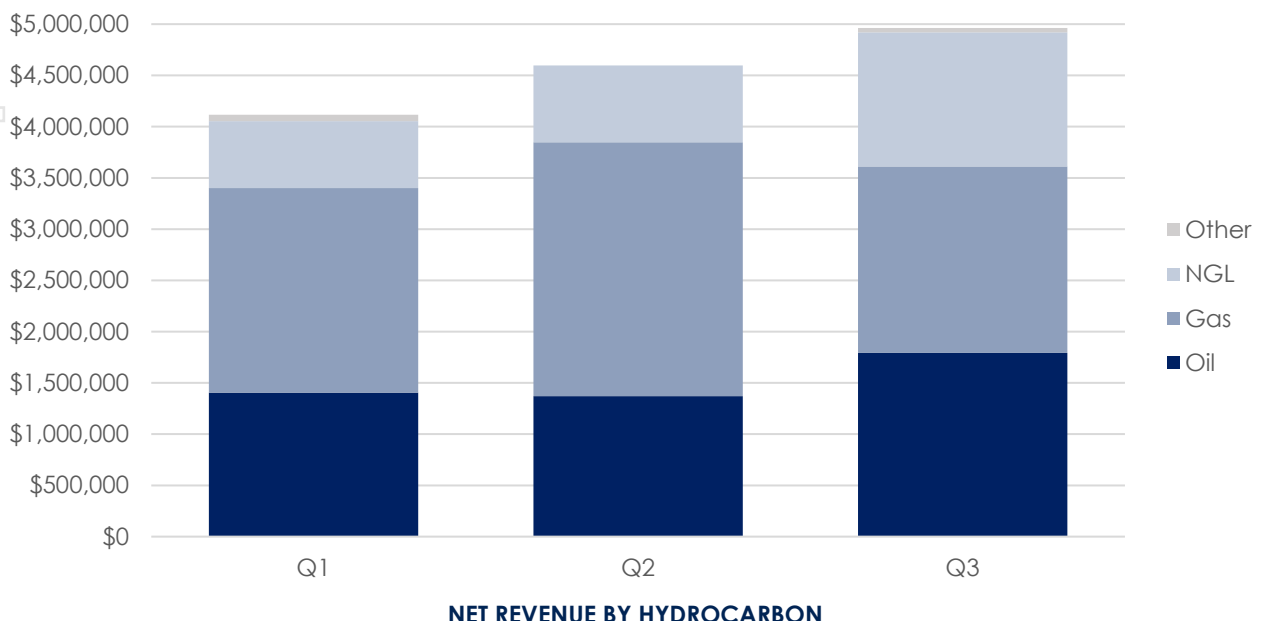
29 APRIL 2022

QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 31 March 2022 (all in USD unless stated otherwise).

HIGHLIGHTS

- Quarterly net revenue of **\$4,961,817**, up ~8.5% on previous quarter (\$4,580,652);
- Net customers receipts were **\$4,403,000**, down 4.65% on the prior quarter (\$4,617,874);
- AXP was operating cashflow positive **\$186K** for the quarter (last quarter operating cash outflow: \$160K);
- Operating cashflow, although positive, was negatively impacted by the midstream outages and increased lease operating expenses;
- Gross production was **191,713 BOE**, down 6.14% on the previous quarter (204,249 BOE) due to persistent intermittent outages within our midstream processing partner's system. The Company is working closely with our midstream partner to improve transportation and processing reliability and clear production bottlenecks;
- Unsold oil inventory held at quarter end totalled **17,715 BBL** (previous quarter: 17,762 BBL);
- AXP is well funded with cash and cash equivalents of **\$2,438,634**;
- The Company is very focussed on additional initiatives to improve operating cash flows, including a new well development program, a cost reduction program and incremental production gains from workovers and well recompletions in higher margin sales channels.



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FINANCIAL & CORPORATE OVERVIEW

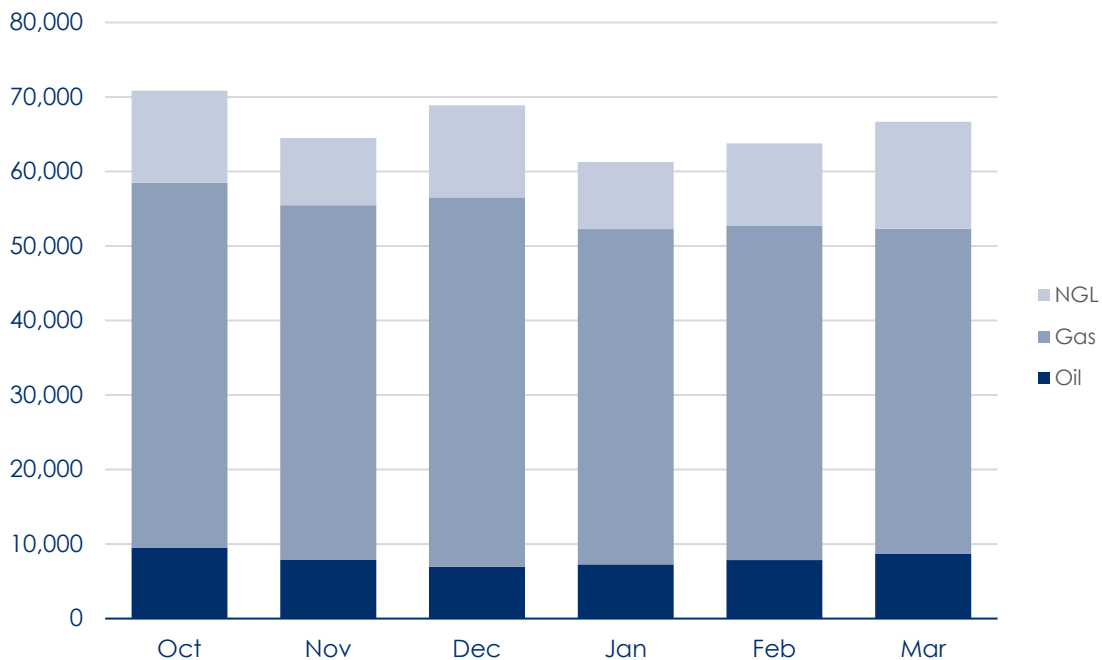
Net revenue has increased primarily due to a favourable hydrocarbon price environment. The North American winter impacted production volumes, particularly in January due to freezing in pipelines, as did continued instability due to third party midstream performance (gathering pipeline system) and downstream outages (gas processing plant). Such outages have had a compounding effect on revenue due to the requirement to purchase gas at spot prices to fulfil contractual volume commitments.

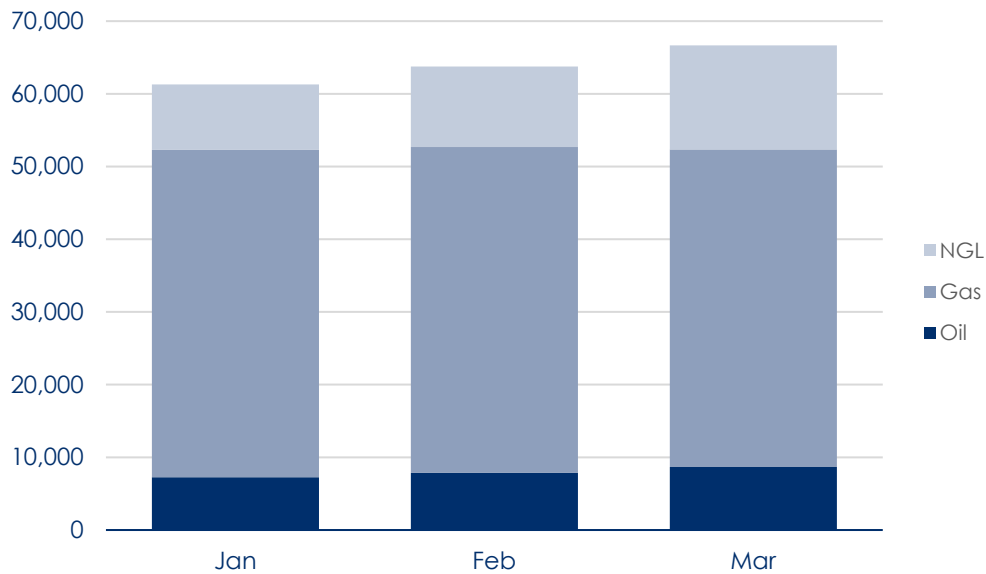
We are working closely with our midstream partner to resolve the ongoing reliability issues and are in discussions with regard to potential compensation for the midstream outages.

The Company was only marginally operating cashflow positive for the quarter (inflow of \$186K) due to the mid and downstream outages and \$185K in P&A costs.

Net cash used in investing activities was \$391K due to ongoing legacy payment plan expenses and costs associated with capex on the two well recompletions. Also, AXP invested circa \$50K in acquiring a second oil transport vehicle to get unsold oil inventory to market more rapidly. This again reduces reliance on third parties.

AXP is well funded with cash and cash receivables at quarter end of \$2.44M and minimal debt (\$304K). The Company has no immediate requirement to raise equity. With the price of WTI tracking above US\$100 a barrel, unsold oil inventory of 17,715 barrels delivers added financial flexibility. With additional haulage infrastructure in place and improving weather, inventory is now being sold down more rapidly.

PRODUCTION & OPERATIONS OVERVIEW

GROSS PRODUCTION BY HYDROCARBON (BOE) – 6 MONTH TREND



GROSS PRODUCTION BY MONTH (BOE) – 3 MONTH TREND

Although gross production was down slightly from last quarter due to midstream outages related to the colder months, the system reliability improved throughout Q3 and we expect this trend to continue as weather patterns improve. Our midstream partner is also making additional system enhancements to continue these improvements.

To mitigate against midstream and downstream issues, well workovers and new production opportunities are currently focused on leases that are not linked to third-party midstream infrastructure. Around 30% of AXP's gas production sits outside this system, as does a large percentage of oil production, and work is underway to increase volumes from these higher margin, more stable production channels.

The Company is focussed on delivering significant improvements in operating cash flows in Q4 through collaboration with its midstream processing and transportation provider to improve plant reliability and production volumes, a continued focus on cost reduction programs and incremental production gains from workovers and recompletions. Improved weather conditions will also support these initiatives.

With respect to the Elite Mining business, revenue generated for the quarter was *nil*, the amount of government grants and tax incentives accrued during the quarter was *nil*, expenditure for the quarter (including development, operations, staff & administrative & corporate expenditure) was \$8,729, capital & investment expenditure incurred was \$4,655 and other income generated/expenditure incurred was *nil*. With the site now fully permitted, operations are on track to go live this quarter despite some recent delays.

CEO Tim Hart commented: *"Whilst we have delivered pleasing top line growth this quarter, our focus is now firmly on mitigating against the ongoing midstream and downstream outages which have impacted our base production, growing production outside of this sales channel, where there is considerable upside, and reducing the cost base considerably with progress well advanced. In the current quarter, we are committed to delivering improved*

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margins, increased production volumes and revenue from new production channels such as Elite Mining and from other leases. Dealing with the challenges we have had with the midstream partner during what is typically our softest production quarter of the year has proven difficult. However, the situation has improved and it has opened our eyes to a number of opportunities outside of the system."

EXPLORATION ACTIVITY

In early March AXP fracked 2 wells in the Illinois Basin. These wells have now been completed and are in the late stages of flowback. The flowback on both wells has taken significantly longer than expected with operational issues (now overcome) impacting the DPI-2605 fluid recovery process. An additional 9 wells have been worked over or had surface repairs and improvements completed during the quarter. It is expected that production gains from this work will be realised in the current quarter.

AXP is now focused on a field development program in a lease that has 165 wells, diverse sales channels and where no material service or development work has occurred since 2007. Progress will be reported as production gains materialise.

HEALTH, SAFETY & ENVIRONMENT

No Lost Time Injuries, Recordable Injuries or Reportable Loss of Containment incidents were recorded in the quarter.

TENEMENT SCHEDULE

AXP's leases held at the end of the quarter are available by clicking the following link:

<https://fremontpetroleum.com/wp-content/uploads/2021/04/FPL-TenementsList-4-20-2021.pdf>

The Company increased its interest in the Kentucky JV from 50% to 100%. Otherwise, there were no changes to tenements or farm-in or farm-out arrangements during the period.

PAYMENTS TO RELATED PARTIES

Outstanding Directors fees of \$75,799 were paid in the quarter.

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

-ENDS-

FURTHER INFORMATION

Sam Jarvis, Non-Executive Director: 0418 165 686

Robert Lees, Company Secretary: 0411 494 406

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.

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.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AXP Energy Limited (formerly Fremont Petroleum Corporation Limited)

ABN

98 114 198 471

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from Elite Mining Inc ('EMI')	-	-
Receipts from customers (excluding EMI)	4,403	12,719
1.2 Payments for		
(a) exploration & evaluation - EMI	-	-
exploration & evaluation – all others	-	-
(b) development - EMI	-	-
development - all others (P&A costs)	(185)	(185)
(c) production - EMI	-	-
production - all others	(2,455)	(6,755)
(d) staff costs - EMI	-	-
staff costs - all others	(836)	(2,292)
(e) administration and corporate costs - EMI	-	(4)
administration and corporate costs – all other	(714)	(2,371)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(27)	(83)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives - EMI	-	-
Government grants and tax incentives – all other	-	-
1.8 Other (provide details if material) - EMI	-	-
Other (provide details if material) – all other	-	-
1.9 Net cash from / (used in) operating activities	186	1,029

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (9 months) \$US'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(50)	(591)
	(c) property, plant and equipment - EMI property, plant and equipment – all other	- (162)	- (197)
	(d) exploration & evaluation – EMI exploration & evaluation – all other	(13) (356)	(83) (744)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	195	209
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Deposits & Bonds)	(5)	(247)
2.6	Net cash from / (used in) investing activities	(391)	(1,653)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	2,513
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(8)	(149)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(104)	(354)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(112)	2,010

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
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4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,709	1,043
4.2 Net cash from / (used in) operating activities (item 1.9 above)	186	1,029
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(391)	(1,653)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(112)	2,010
4.5 Effect of movement in exchange rates on cash held	47	10
4.6 Cash and cash equivalents at end of period	2,439	2,439

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1 Bank balances	2,439	2,709
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,439	2,709

6. Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	76
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	500	304
7.3	-	-
7.4	500	304
7.5	Unused financing facilities available at quarter end	
		196
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	Unsecured working capital facility of US \$500,000 from a private lender at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2022. \$303,602 of the facility has been drawn upon as of 31 March 2022.	
	Unsecured finance facility of A\$300,000 (US \$218,133) from a private lender at 10% interest, facility available until 31 March 2022. This facility expired 31 March 2022.	

8. Estimated cash available for future operating activities	\$US'000
8.1	186
8.2	(369)
8.3	(183)
8.4	2,439
8.5	196
8.6	2,635
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)
	14.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: n/a
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: n/a

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022.....

Authorised by: By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.