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**AXP ENERGY**

***SHAREHOLDER UPDATE WEBINAR***

*12 AUGUST 2022*

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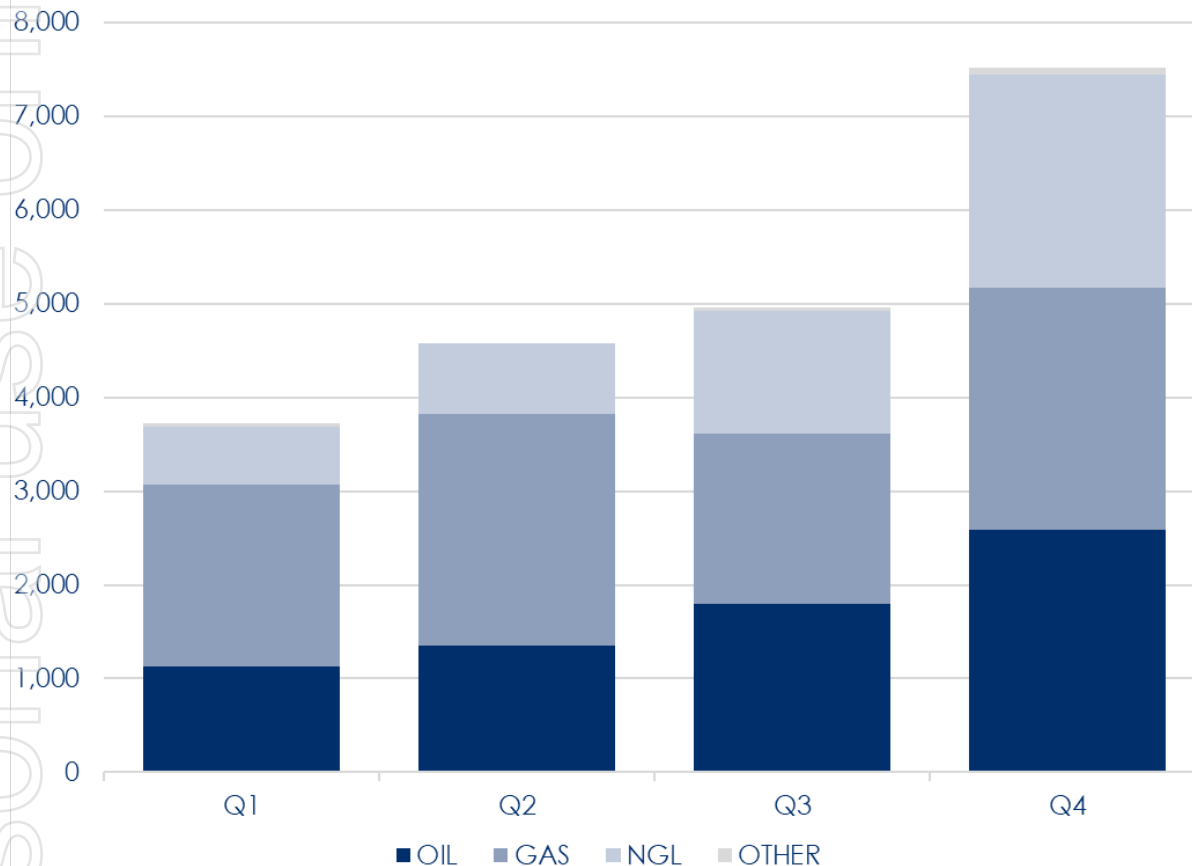
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## NET REVENUE – BY HYDROCARBON (\$ '000)

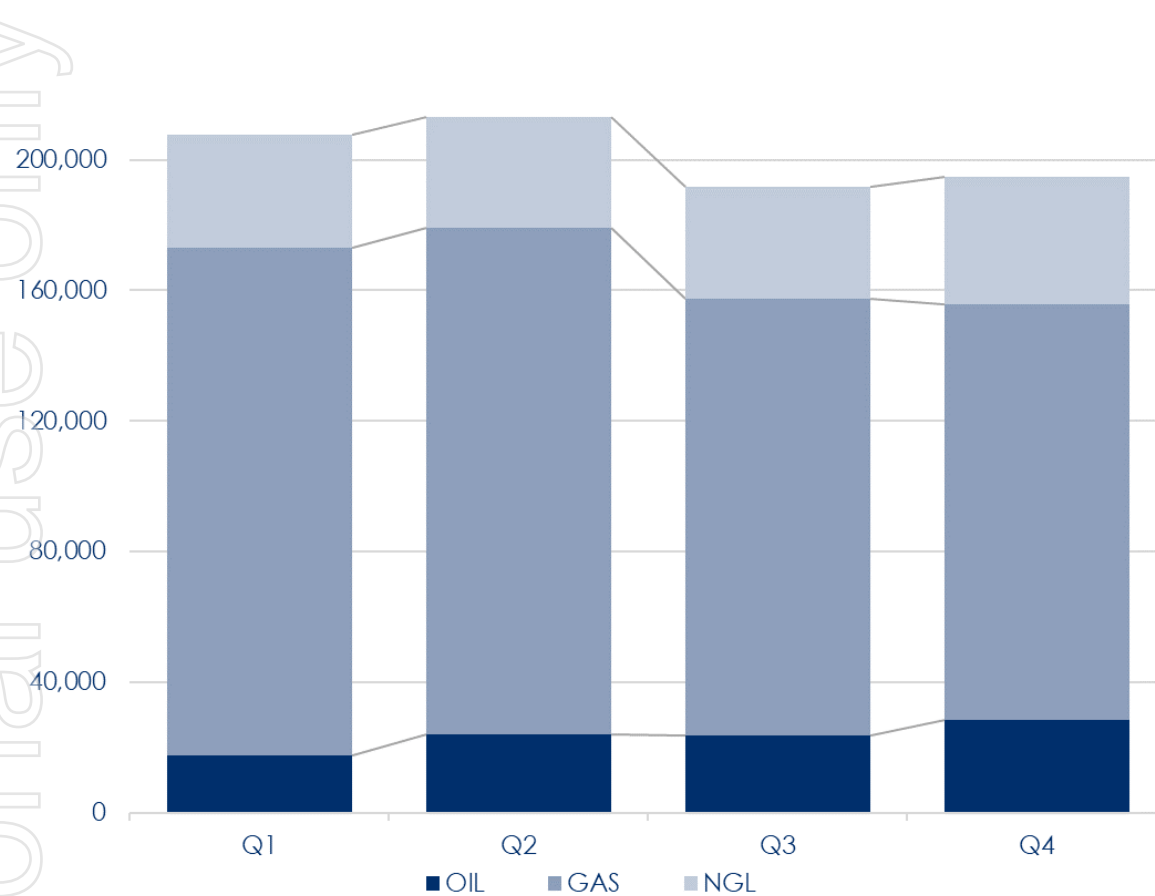


## HIGHLIGHTS

- Quarterly Net Revenue **\$7,513,165** (prior quarter \$4,961,817) – A **51.4%** increase;
- Quarterly Net Customer Receipts **\$6,595,000** (prior quarter \$4,403,000) – A **49.8%** increase;
- Positive operating cashflow of **\$1.61M** (prior quarter **\$186K**) – A 9-fold increase);
- Cash and cash equivalents at quarter end **\$3.386M**, up on \$2.439M last quarter;
- Annual Net Revenue **\$20.75M\*** (prior year \$4.24M) – a 389% increase;
- Annual Net Customer Receipts **\$19.31M\*** (prior year \$4.29M) – a 351% increase;
- Well-funded with solid cash reserves to drive current growth plans.

\* Unaudited

## GROSS HYDROCARBON PRODUCTION (BOE)



## HIGHLIGHTS / LOWLIGHTS

- Gross production was **194,863 BOE** (prior quarter 191,713 BOE) – A slight (**1.64%**) increase;
- Gas production was again curtailed by downstream outages in the first 2 months of the quarter, partially offset by increased oil production (up **19.4%** quarter on quarter);
- Through the year, gas production has declined, NGL production has been stable and oil production has grown quarter on quarter;
- Oil inventory continues to fall with **16,558 BBL** held at quarter end, compared with 17,715 BBL at last quarter end;
- With only a marginal production increase, revenue jump was primarily due to higher realised pricing and partially due to the sale of additional NGLs, purchased for blending.



## PATHFINDER SITE SETUP & COMMISSIONING



## STATUS

- All main equipment on site including 4 gas generators and 2 Elite Mobile Units (EMUs);
- The first generator has been commissioned on AXP gas and is ready to go;
- ~50% of the computers are now online in the first EMU (~25% of the total crypto miners);
- Once the first EMU is fully online (expected by end August) AXP will be supplying ~200 Mcf/d gas. This will facilitate associated oil production once the well pressures reduce;
- Second EMU is expected to be online by end September at which time AXP will be supplying 400 Mcf/day of gas, generating 2MW of electricity;
- Additional mining sites in Colorado are now under consideration.

# IMMEDIATE GROWTH DRIVERS – MARGINS & PRODUCTION VOLUME

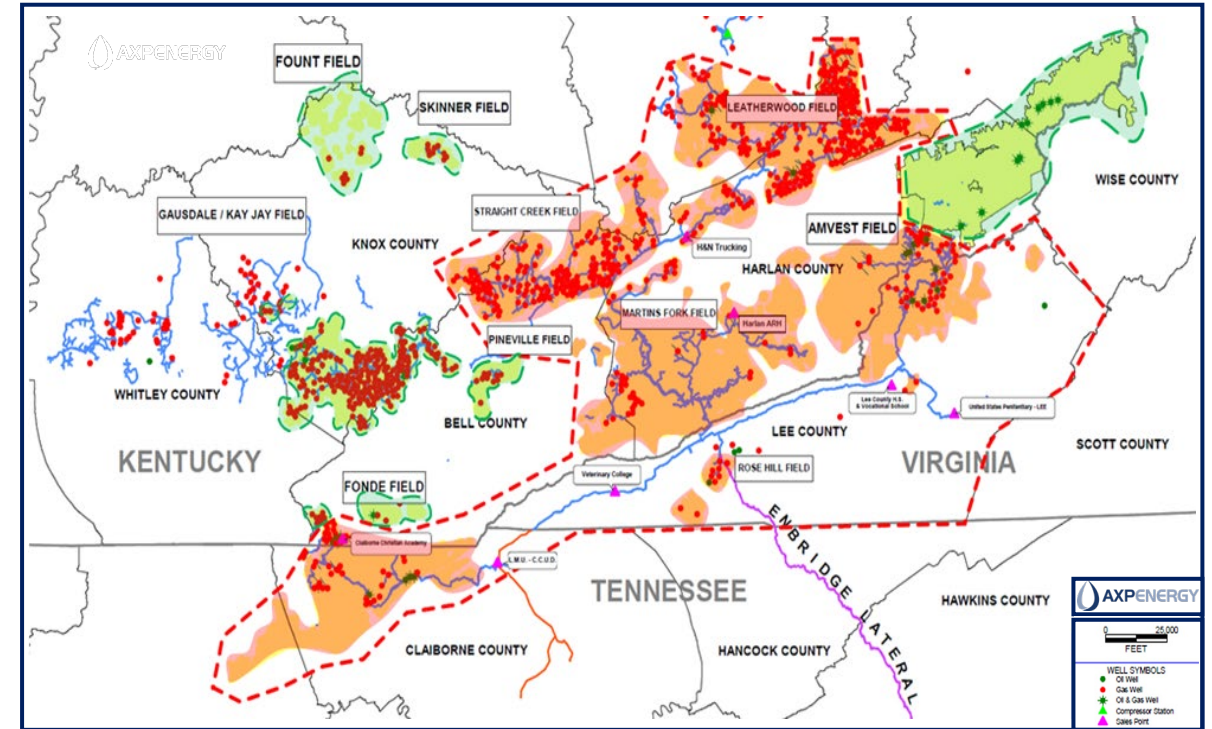


## MARGIN

- Now working with midstream partner in the Appalachian Basin on improved contractual terms related to new gas brought on;
- Working collectively in the Appalachian Basin with midstream partner and NGL offtaker on reducing cost of liquids processing;
- New sales channel being pursued for 400 Mcf/day of Western Kentucky gas.

## VOLUME

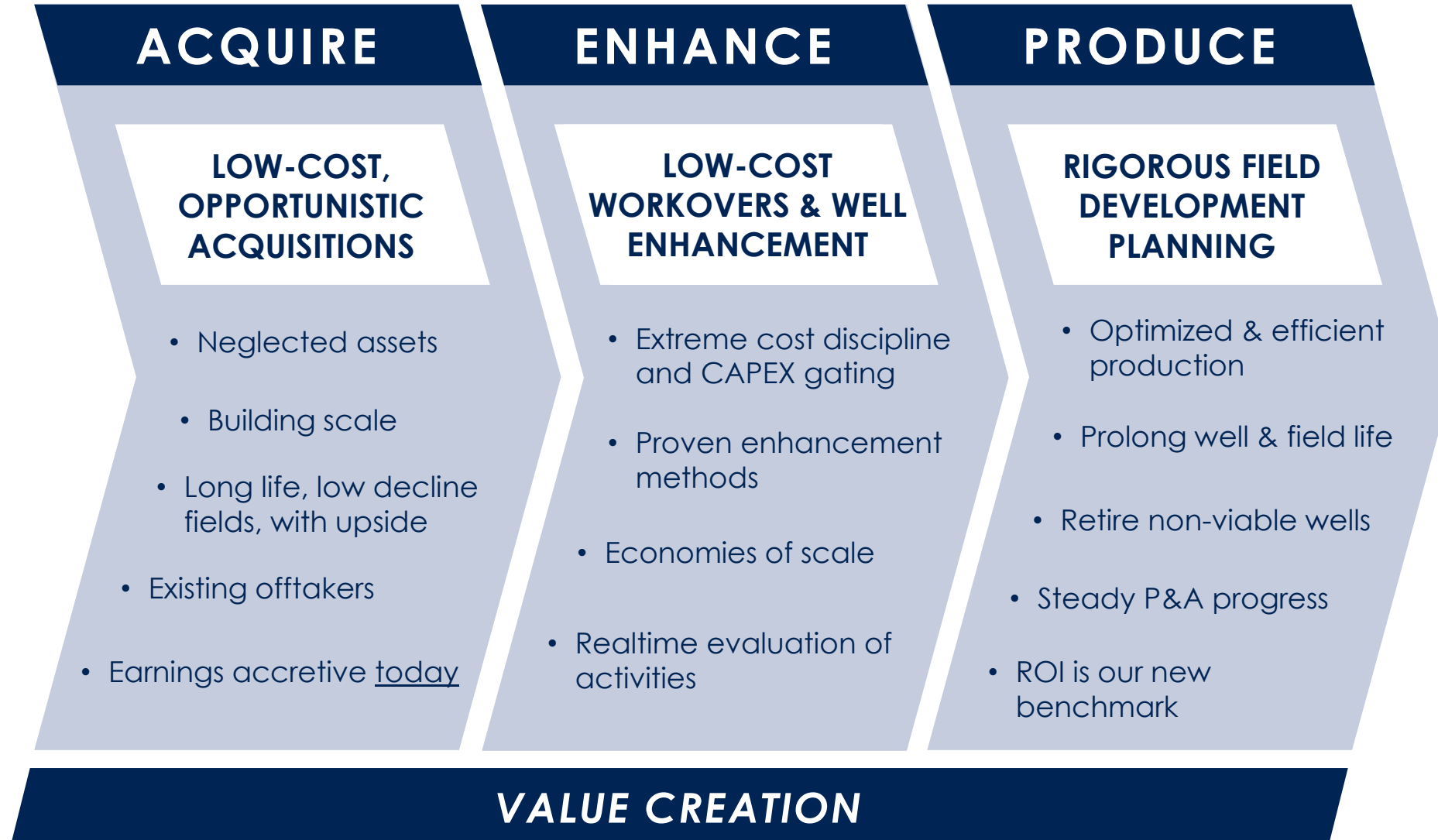
- Continuing to work closely with Appalachian Basin midstream partner on reliability issues (reliability improved in June);
- Negotiating to immediately re-direct gas through alternate channel(s) when primary sales channel is inhibited;
- Next major recompletion scheduled for commencement this quarter;
- Ongoing well workovers and improvement projects including continuation of the work in the KayJay field (which has this calendar year boosted production to 1,075 Mcf/d from 660 Mcf/d);
- 5 recompletions within a 32 well development program are in the final stages of evaluation. The larger program under evaluation includes 22 recompletions, 5 new-drills and 5 clean-outs coupled with well bore extensions.



# POTENTIAL NEAR-TERM VALUE CATALYSTS



- Reserves & Resources report;
- New gas sales contracts;
- New wells connected through ongoing pipeline repairs and new well tie-ins;
- Adding leases in and around successful recompletions;
- Processing improvements from Natural Gas Liquids (NGLs) delivering margin improvement;
- Improvements in system reliability opens up high value, priority recompletion targets that can materially increase production.



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**THANK YOU**