



ASX ANNOUNCEMENT

14 OCTOBER 2022

COMMENCEMENT OF GAS SALES IN COLORADO

AXP Energy Limited (ASX: **AXP**, OTC US: **AUNXF**), ('AXP', 'Company') is pleased to confirm that natural gas sales from its Colorado lease operations have now commenced. The natural gas is being used for the in-situ power generation of the Elite Mining Units ('EMU') installed by US-based Elite Mining Inc ('EMI', 'Elite') – refer images overleaf.

The gas sales agreement between AXP and Elite provides for the delivery of natural gas sourced from AXP's Pathfinder #2 well ('Pathfinder') to Elite (refer ASX announcement dated 15 February 2022) which is now operating the first two EMUs. An additional gathering line from the Amerigo Vespucci well has also been installed to ensure that sufficient volumes of gas are supplied as Elite's operations increase at the Colorado site.

The sale of natural gas to Elite follows an extensive period of collaboration between AXP and Elite. It also marks an important step forward for AXP by establishing an operating framework to further grow revenues from its Colorado oil and gas operations.

Natural gas supplies to Elite are expected to initially average around 200 Mcf per day which will provide an additional revenue stream for AXP from its Colorado assets in the current quarter. Strategically, the agreement allows AXP to extract otherwise stranded oil and gas in accordance with environmental regulations as it does not entail any gas flaring arrangements which are often associated with oil extraction. With no requirement to flare gas, this project is a foundation for further monetisation of the Company's Colorado asset.

Pathfinder and Amerigo Vespucci were specifically chosen to ensure that sufficient volumes of gas are available for supply and because they are best placed to contribute to increased oil production from the lease. More than 10 barrels of oil per day is already flowing from the Pathfinder well with the first two EMUs in operation and production is expected to continue to increase as further gas is required once the the 3rd EMU commences operations and production stabilizes.

AXP looks forward to supporting Elite, as it endeavours to scale up its Colorado operations, by providing increased natural gas volumes to power additional planned EMUs.

Chief Executive Officer Tim Hart commented: *"The commencement of gas sales under the sales agreement marks the achievement of a core operating objective for AXP in our Colorado operations. The extraction and delivery of stranded gas followed an extensive period of engagement with both Elite Mining and Colorado regulators, and the commencement of gas sales, albeit relatively modest to begin with, is a testament to AXP's ability to deliver successful outcomes, and lays the foundation for scaled up operations which Elite is keen to pursue. It also marks a key step forward in the Company's strategy to accelerate valuable oil production from its Colorado leases. Collectively, revenue from first gas sales and the added revenue from increased oil sales will deliver a solid boost to our monthly revenue streams from this asset. We are assessing other avenues to monetise our gas in Colorado and continue to review various offtake scenarios."*

Figure 1
Cooling Modules Installed
at Elite Mobile Unit



Figure 2
First 2 EMUs fully installed,
commissioned and operating.



Figure 3
Gas feed from
Pathfinder well to
gas-fired generators.

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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.