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AXP ENERGY

SHAREHOLDER UPDATE WEBINAR

3 FEBRUARY 2023

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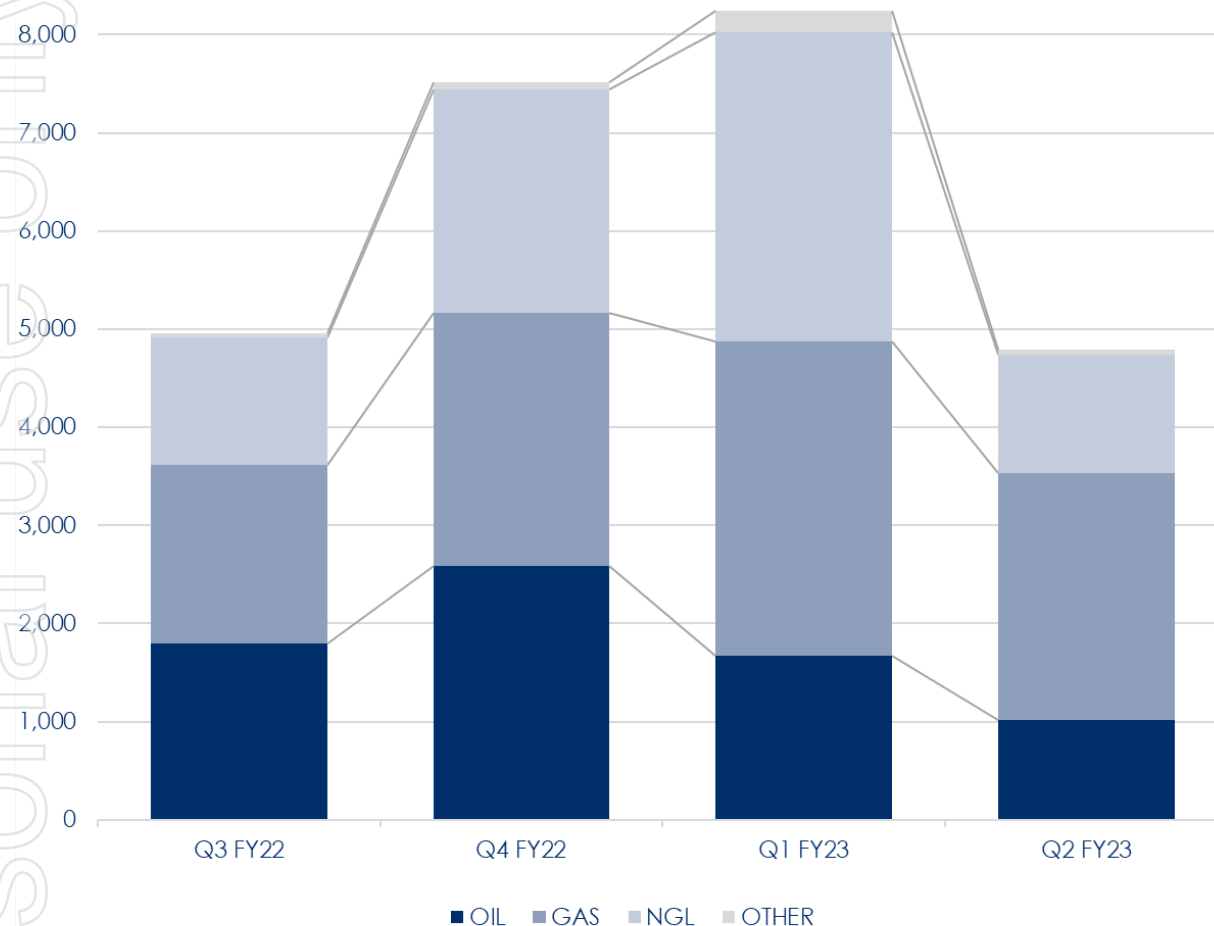
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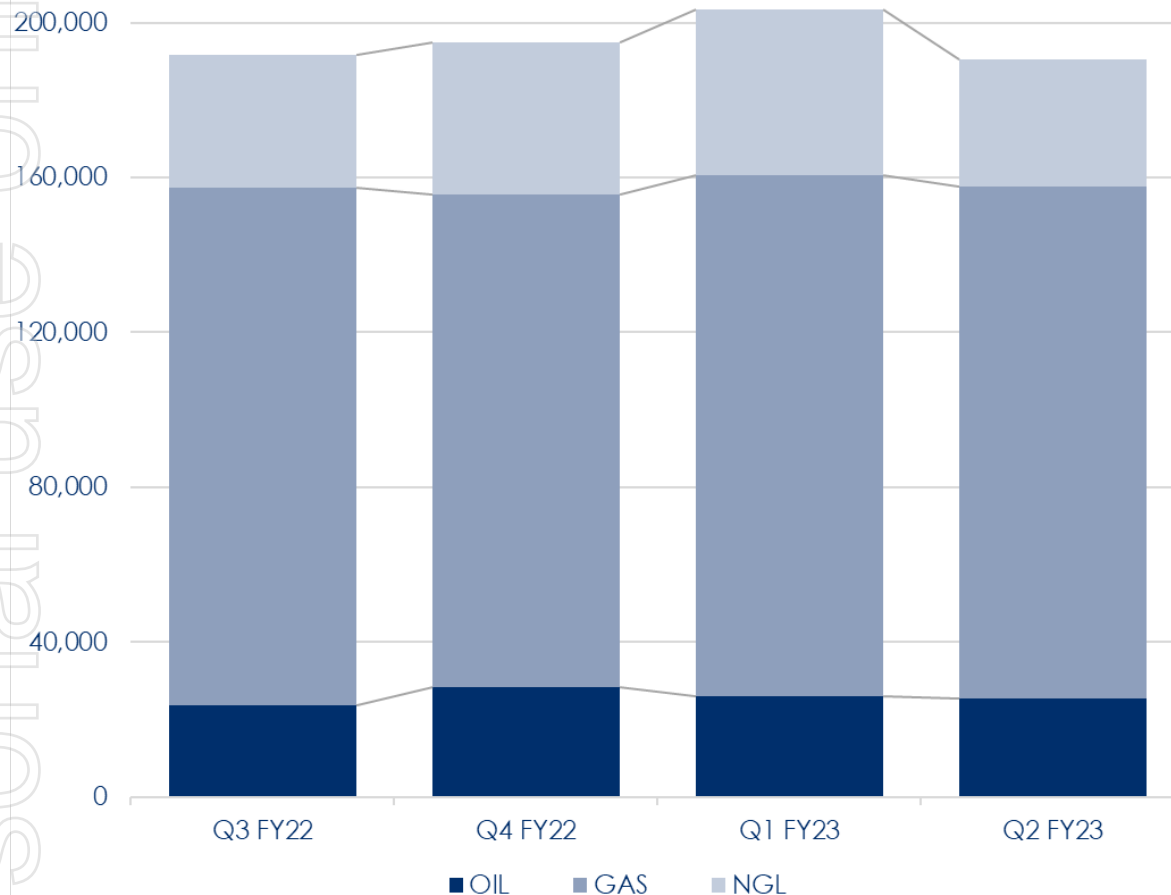
NET REVENUE – BY HYDROCARBON (\$ '000)



KEY POINTS

- Quarterly Net Customer Receipts **\$4,679,722** (prior quarter \$3,982,210) – A **17%** increase;
- Positive operating cashflow of **\$241,463** (prior quarter cash outflow **\$1,124,055**);
- Quarterly Net Revenue **\$4,787,828** (prior quarter \$8,246,460) – A **42%** decrease;
- **56%** of the total revenue decrease was attributed to a **\$1,952,837** fall in NGL revenue – due to a significant reduction in the sale of blend liquids;
- There was a 37% drop in realised pricing from \$51.42/BOE last quarter to \$32.48/BOE in the current quarter – a larger contributor to the revenue drop;
- Cash and cash equivalents at quarter end steady at **\$1,947,044** (prior quarter \$1,977,788).

GROSS HYDROCARBON PRODUCTION (BOE)



HIGHLIGHTS

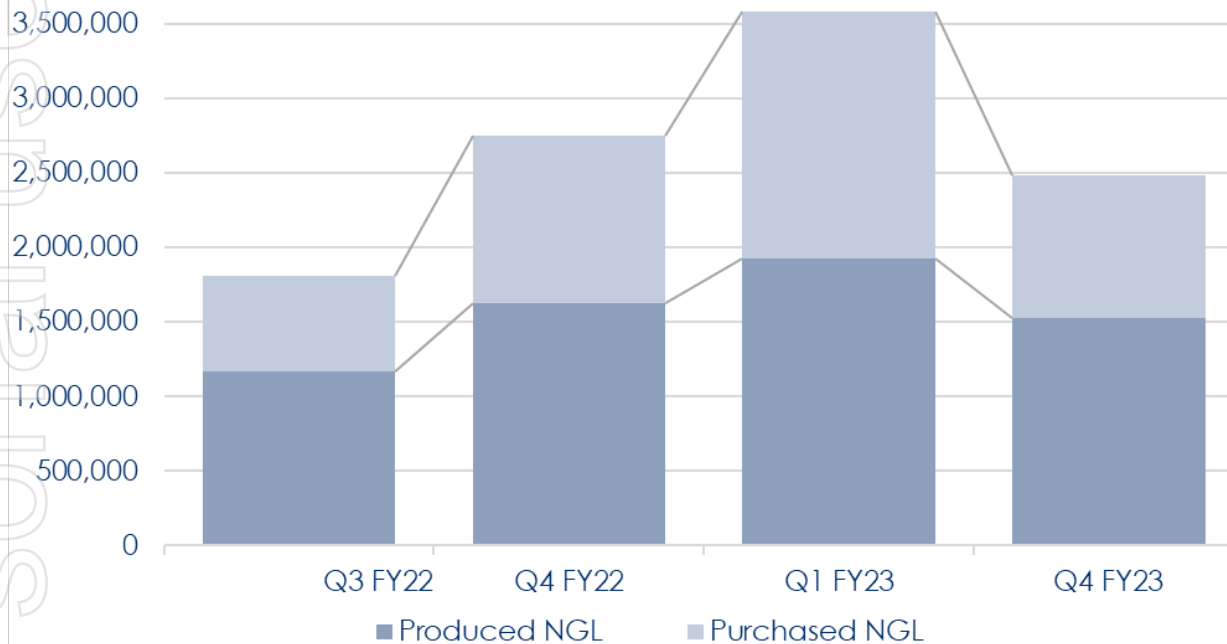
- Gross production was **190,384 BOE** (prior quarter 203,352 BOE) – A **6%** decrease;
- By hydrocarbon, gross gas production fell by 2%, oil production fell by 2% and produced NGL production fell by 23%;
- Despite the 2% fall in gross gas production, net gas sales by volume improved 6% due to system efficiency improvements;
- Midstream performance was fair and improved on the previous quarter but overall, production was hampered by winter weather and the time and effort required to effect road repairs after flooding and winter weather;
- Oil inventory of **17,891 BBL** held at quarter end – steady compared with 17,907 BBL at last quarter end.

Prior calendar 2022 the Company was transporting and selling its produced NGLs with limited blending requirement;

From late 2021 and through 2022 the Company was required to blend its *produced* NGLs with *purchased* NGLs;

Breaking out NGL sales volumes between produced and purchased, the ratio between the two fractions can be seen:

QUARTERLY GROSS NGL SALES VOLUME – PRODUCED VS PURCHASED [USG]



BLENDING TECHNICAL RATIONALE

- Late in calendar 2021, an existing regulation related to transportation of volatile liquids was enforced;
- As a result and going forward, AXP was required to blend its produced NGLs with a less volatile liquid, prior to transport;
- Accordingly, the Company shipped in *purchased* NGL fractions to blend with its *produced* NGL at the processing plant;
- The Company was then able to transport its *produced* NGL to sales markets as a fraction of a blended product;
- The requirement to blend for transport is more pronounced in summer months;
- The financial impact (detailed overleaf) has been severe however the Company is now contracted with an alternate US NGL offtaker resulting in substantially less or no blending going forward.

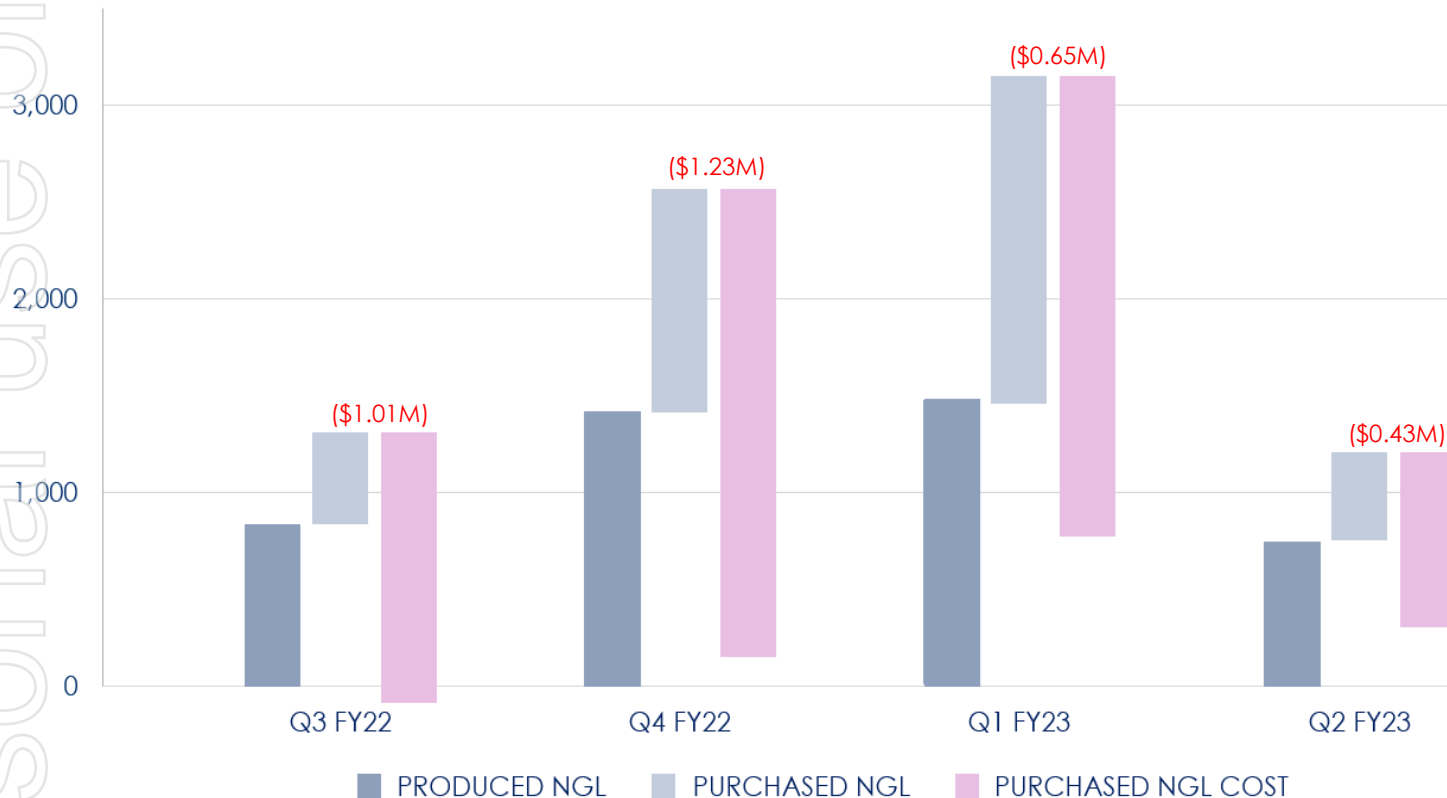
NGL BLENDING – CALENDAR 2022 FINANCIAL SUMMARY



Revenue on the purchased NGL fraction was **\$3.76M** across calendar 2022, less the **\$7.07M** direct cost of the purchased material for the same period, resulted in an impact of negative **\$3.32M** within the NGL business;

A breakdown of the **\$3.32M** negative impact by quarter is provided in the chart below.

QUARTERLY NET NGL REVENUE LESS PURCHASED NGL COST WATERFALLS* [\$ '000]



* These results are unaudited and are subject to change.

BLENDING COST & IMPACT

- The purchased NGL is a refined product but is sold within a raw blend;
- The Company is subject to price fluctuations between the time the purchased NGL is transported to the terminal, blended and then transported back to the sale point;
- The Company bears the blending fee, terminaling fee and transport fee on the entire blended volume just to get our produced NGLs to market.

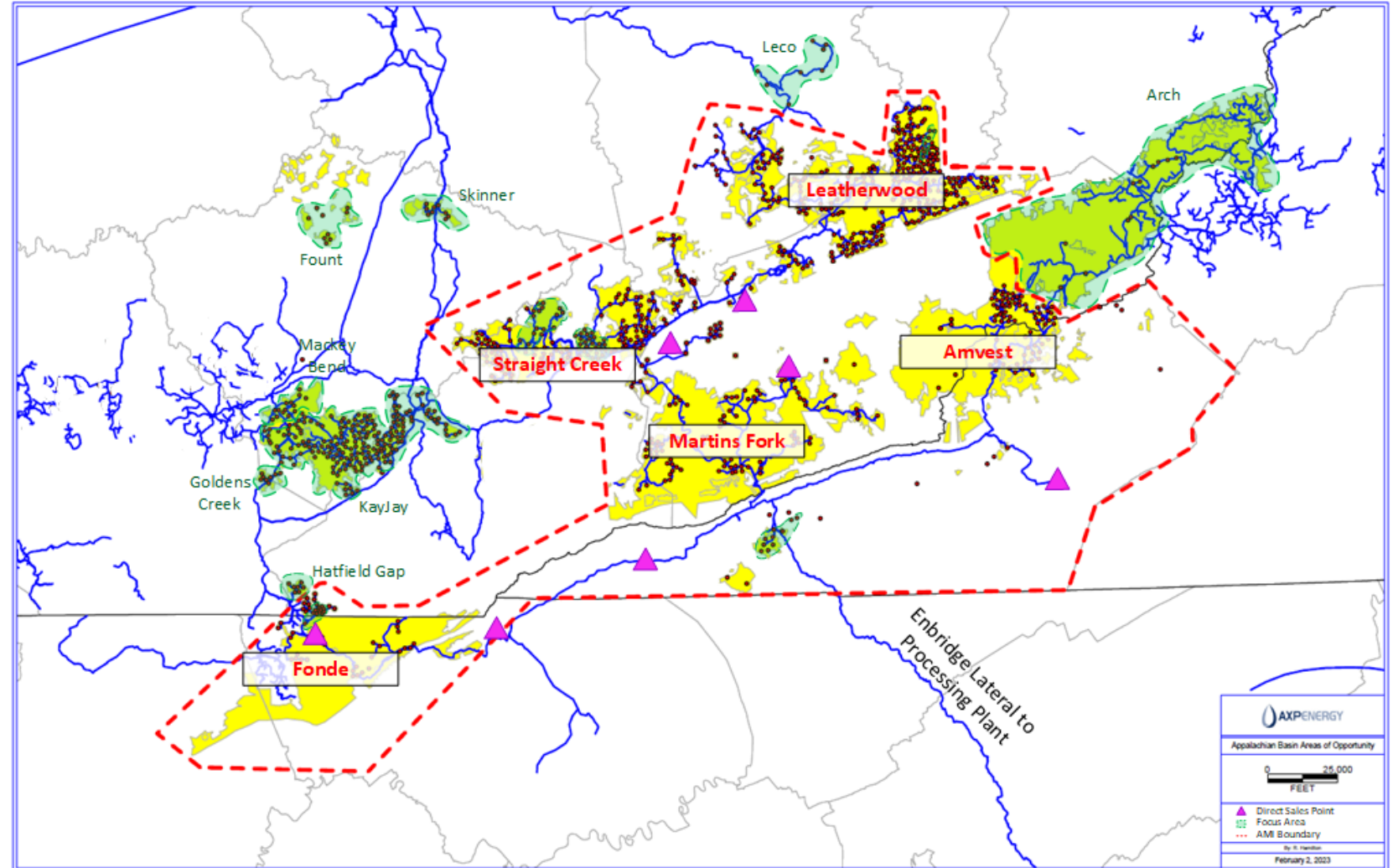
GOING FORWARD

- Since December 2022, there has been no requirement to blend;
- If there is any ongoing requirement to blend (eg during summer), there will be no further requirement to purchase expensive liquids for blending.

PRODUCTION RATIONALIZATION APPALACHIAN BASIN



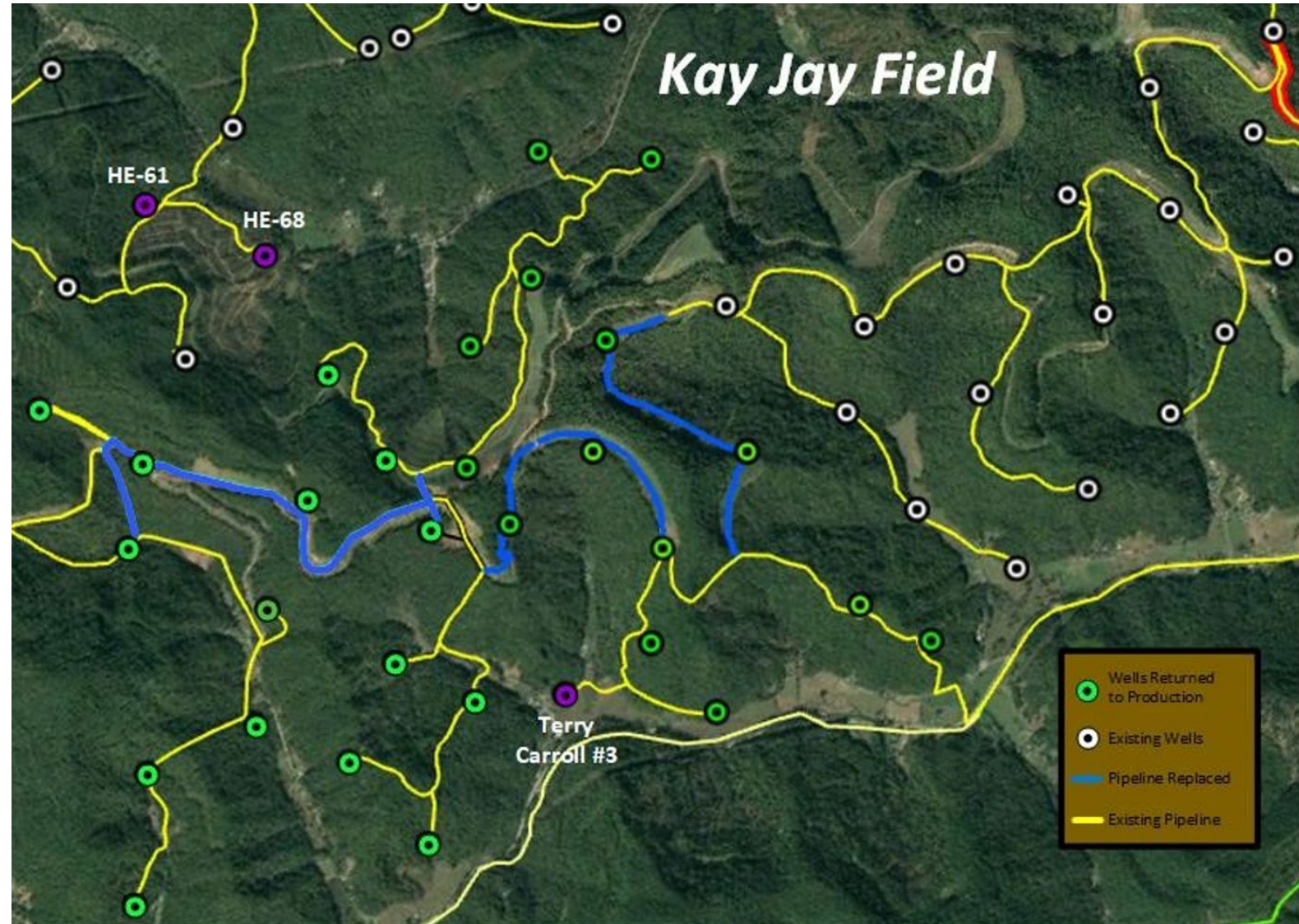
- Production and enhancement focus on higher margin fields:
 - 8 fields with solid margins;
 - Total well count is ~320 wells – 127 wells identified as re-work candidates;
 - Current gross gas production from these 8 fields is ~2.26 Mcf/day or 24% of total gas production;
 - Only one lease has been improved – lots of upside;
 - Arch field a focus with 20 underproducing oil wells;
 - KayJay is immediate priority.
- Reduce production in largest (and highest cost) fields and focus only on:
 - 62 oil wells;
 - 7 direct gas sales channels.



BUILDING MORE PRODUCTION IN KAYJAY FIELD IS THE FOCUS



- KayJay has 234 wells:
 - Current production is ~1,100 mcf/day;
 - TCO Spot Pricing;
 - 32 wells have been tied in to new pipelines and enhanced;
 - 127 wells remain open for re-work.
- Three wells recently recompleted and enhanced:
 - In flowback;
 - Expected to add to current production in next 2 months;
- Focus in low pricing environment is maintain current production and bring 3 new wells into production;
- Work in the interim will also focus on oil production opportunities.



RESTRUCTURE & COST REDUCTION:

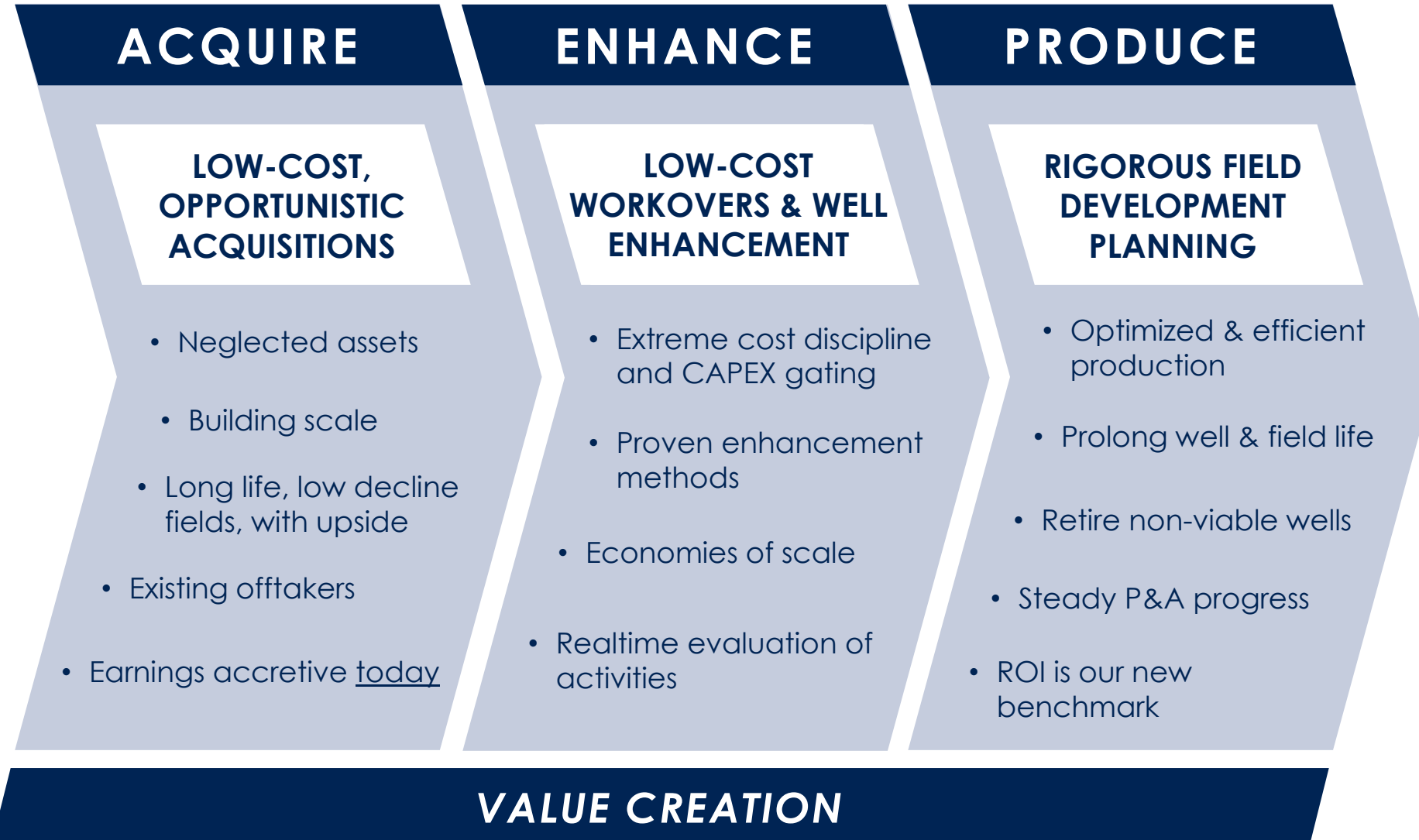
- Cost Reductions are underway across all facets of the business;
- Now shutting in gas wells with low Net Revenue Interests; Consider divesting non-core leases;
- We will temporarily shutting in wells with high cost transport & processing;
- Lower TGC costs will accompany the reduction in gas volumes processed.

CAPITALISE ON WEAK PRICING ENVIRONMENT:

- Acquisitions, JVs and other partnership opportunities are being considered.

CONTINUE TO FOCUS ON MARGIN IMPROVEMENT/GROWTH IN READINESS FOR PRICING IMPROVEMENT:

- Reduced reliance on blend material has been a success in Winter; we need to achieve the same for Summer with our new NGL customer – encouraging progress;
- Grow and stabilize oil production – better logistics, neglected wells/leases, inventory buffer;
- Focus on growing gas production outside largest sales channels until better terms are secured.



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