ASX ANNOUNCEMENT **28 APRIL 2023**

QUARTERLY ACTIVITIES REPORT

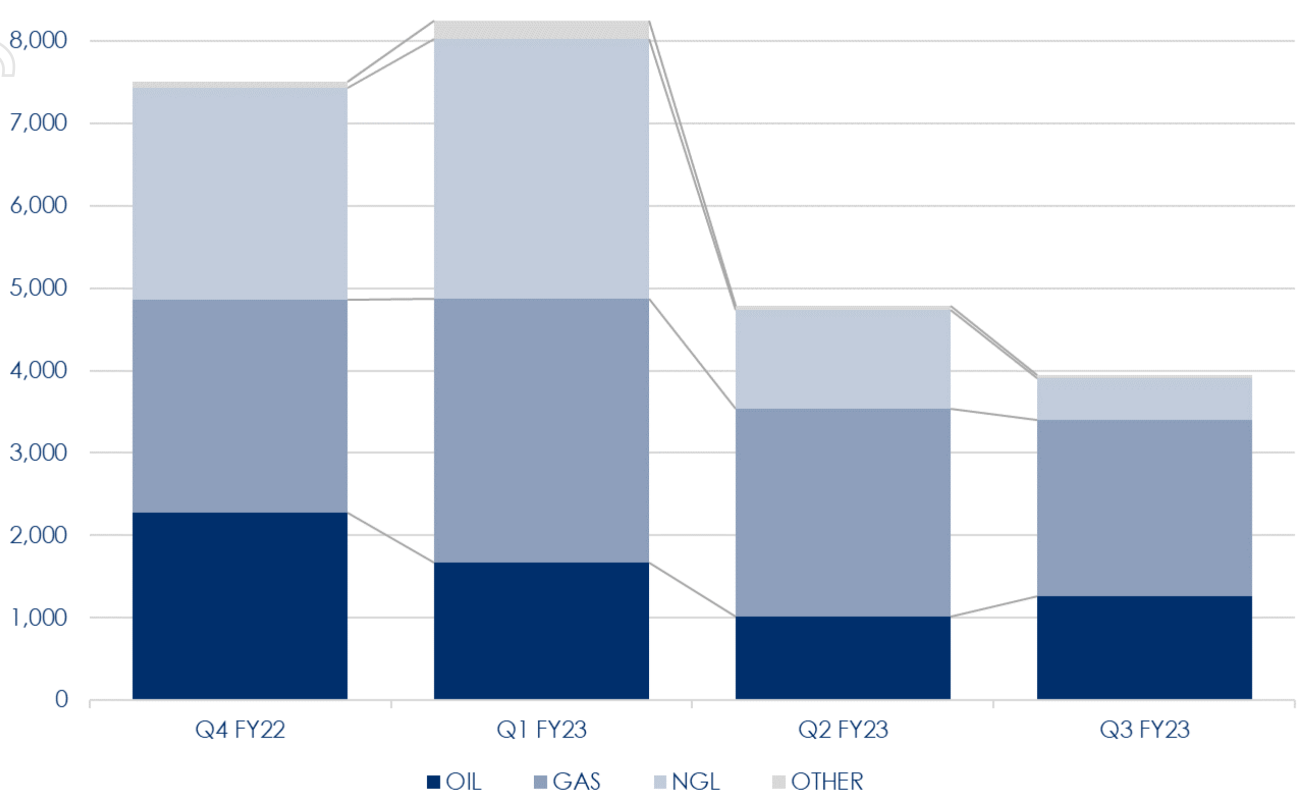
AXP Energy Limited (ASX: AXP, OTC US: AUNXF), (**'***AXP*', '*Company*') provides this summary of activities for the quarter ended 31 March 2023 (*all in USD unless stated otherwise*).

HIGHLIGHTS

- Customers receipts in the quarter were **$4,274,023**, down **9%** on the prior quarter ($4,679,722);
- Net cash decreased by **$768,630** with cash and cash equivalents at quarter end at **$1,178,414** (Q2: $1,947,044);
- Gross production was **186,879 BOE**, down **2%** on the previous quarter (190,384 BOE);
- Revenue decreased **18%** to **$3,940,545** (Q2: **$4,787,828**) primarily due to lower realised gas prices, reduced volumes and lower NGL sales due to reduced blending;
- Gas sales volumes decreased by **6%** and realised pricing fell by **9%** resulting in gas revenue decrease to **$2,140,273** (previous quarter: $2,518,018);
- Oil revenue increased 23% to **$1,262,779** (previous quarter $1,018,936), predominantly driven by increased sales volumes;
- NGL sales volumes decreased by 57% due to reduced blending;
- Unsold oil inventory held at quarter end totalled **18,690 barrels of oil** (previous quarter: 17,891 barrels of oil);
- In response to continuing soft natural gas prices, the Company has negotiated temporary reduced midstream pricing, and has entered into a number of two-year contracts to improve the economics of AXP's natural gas business. As well, we have consolidated the majority of our gas in the KayJay field (which is not impacted by a high processing and transport tariff) and negotiated a new contract based on volume discounts;
- Key areas of focus in the current quarter: Continue to reduce costs, finalize a long-term arrangement for NGL sales and distribution that eliminates blending throughout the entire year and apply a primary focus on oil production and sales volumes.

Chief Operating Officer Greg Grotke commented: *"In Q3 we continued to reduce costs as we manage through what is an abnormally low natural gas price environment. On a positive note, we've also reduced our transportation, compression and gathering (TCG) costs by $1.3M and 49% from Q2 to Q3 and these cost reductions will benefit the Company through fiscal Q4. Since Henry Hub gas prices dropped 74% the past 7 months, and WTI oil prices only dropped 22% during the same period, we focused on selling more oil during Q3. We were able to get more oil to market resulting in a 24% increase in oil sales for the quarter, delivering an additional $240K in revenue from this sales channel. With large and valuable volumes of unsold oil inventory and an increasing focus on stabilizing and growing production, our oil sales channel delivers a stable revenue source while we will continue to implement low-cost projects with quick payouts and control costs while we navigate our way through this lower gas price environment."*

NET REVENUE BY HYDROCARBON ($ ‘000)



FINANCIAL & CORPORATE OVERVIEW

Net revenue for the quarter was 18% lower than the prior quarter at $3,940,545 (prior quarter: $4,787,828). The two key factors contributing to this fall in revenue were lower gas prices and production volumes and lower NGL sales volumes due to a planned reduction in the resale of purchased blending materials.

The following table breaks out and compares the Company’s net sales quantities by hydrocarbon for the past 2 quarters:

NET SALES QUANTITIES*	Q2 2023	Q3 2023	% CHANGE
Gas [Mcf]	478,139	**451,533**	**-6%**
Oil [BBL]	14,088	**17,426**	**+24%**
NGL [USG]	2,252,840	**979,643**	**-57%**

** Post royalties*

The value of gas sold was down 6% over the previous quarter as a quarter-on-quarter drop in realised gas price of 9% reduced overall gas revenue. Net oil sales increased 24% primarily due to an increase in sales volumes as oil pricing remained steady.

In its December quarterly report (31 January 2023), the Company highlighted that a significant reduction in net revenue in Q2 compared with Q1 was due to the substantially reduced requirement to purchase NGLs to blend with its produced NGL and then on-sell the purchased NGLs within the final blended product. At this time the Company also reported that it entered into a new agreement with a second NGL offtaker, under which there is no requirement to purchase blend material. While this agreement did result in a significant decrease in required blending, that offtaker's facility experienced technical difficulties which resulted in it being unable to handle 100% of AXP's NGL volumes due to their high ethane content.

Consequently, the company has established a third offtake agreement with another purchaser which did require some additional blending for those volumes. This new arrangement resulted in a requirement to purchase 33,769 USG (gross) of blend materials. Although this is a significant reduction, the company continues to seek long term solutions to eliminate 100% of the blending requirement.

Notwithstanding, there was a further reduction in NGL revenue due to a quarter-on-quarter reduction in the resale of purchased NGLs in the quarter. Given the significant additional costs that have previously been associated with the NGL blending process, this represents a net favourable outcome – irrespective of the revenue impact.

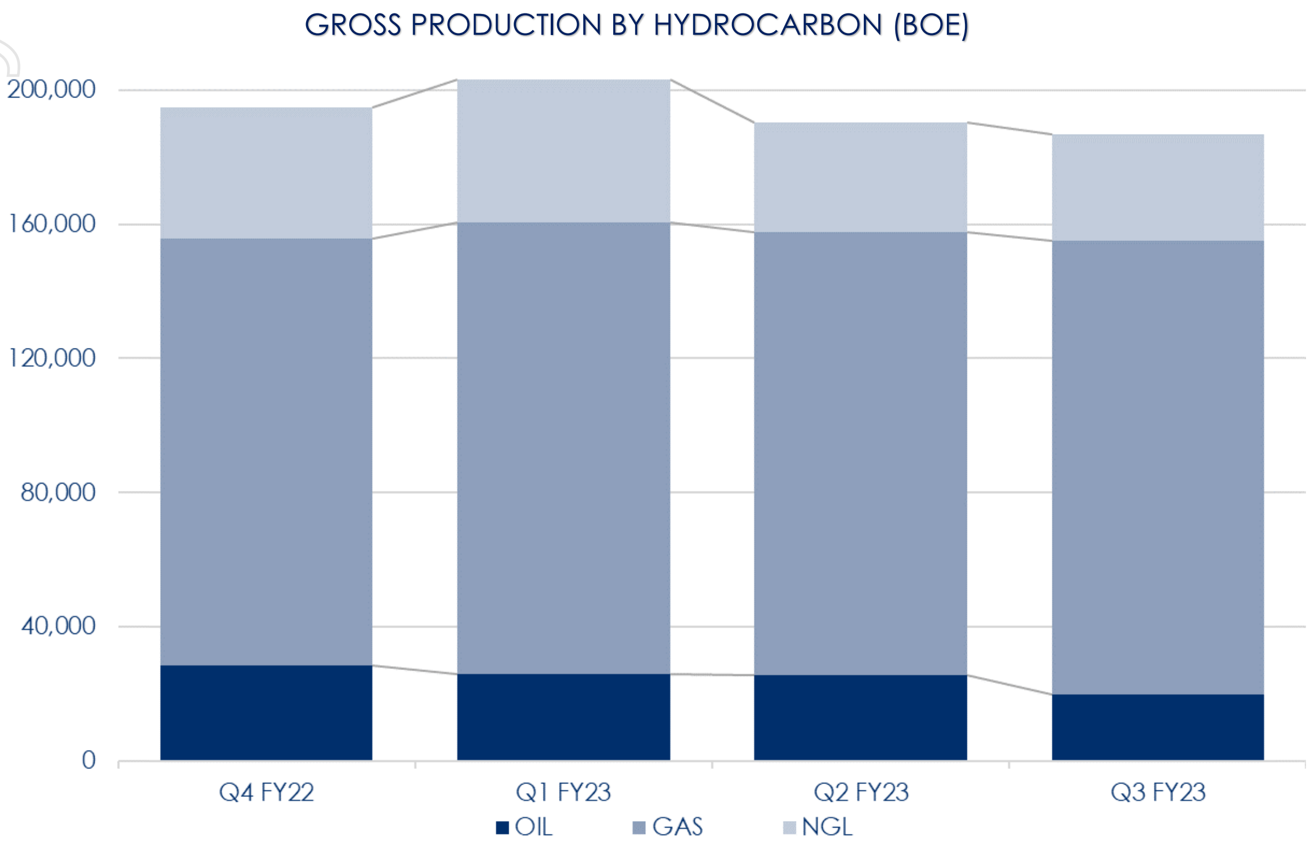
The March quarter resulted in an operating cash outflow of $586,199 (including $230,521 recompletion payments), a decrease on the net cash operating inflow of $261,463 reported in the previous quarter. Net cash used in investing activities was $31,153 due to ongoing legacy payment plan disbursements made during the quarter (a reduction from the previous quarter as a result of revised payment plans being agreed upon), site works for the Elite Mining crypto mining operation and proceeds from vehicle sales.

Cash and cash equivalents at quarter end are $1,178,414, coupled with minimal debt ($285,303). Payables continue to be managed in the normal course of business.

COST REDUCTION PLANNING TO MITIGATE AGAINST WEAKER GAS PRICES

In response to a significantly lower natural gas price environment, cost reductions and planning continues. During the quarter, the Company negotiated a temporary reduction in transportation, gathering, compression and processing costs while working through establishing a number of long-term gas sales contracts to assist in solidifying a consistent gas sales price over time. In addition to this, the company has pooled gas production within the KayJay field and established a new sales contract leveraging the consolidated volumes. This arrangement increased sales revenue while decreasing field costs by eliminating the compression costs historically required to move the gas to market Oil production and sales will continue to be a very a high priority for our operations in the current pricing environment.

PRODUCTION & OPERATIONS OVERVIEW



With the advent of warmer weather in North America, operations focussed on increasing oil to sales. In previous quarters, the company reported challenges in transporting oil to market due to supply chain issues and internal equipment failures. In order to preserve capital, the company identified and contracted various temporary transport resources, to assist during its own equipment outages. This resulted in an additional 3,338 barrels of oil being sold in the quarter, 24% increased compared to Q2.

Gas pricing continued to weaken through the March quarter, so AXP continued to reduce costs associated with gas and NGL production. This cost reduction work included identifying a second NGL market to the north to minimize blending costs going into the summer months. Throughout most of 2022, AXP only had one NGL market, south to Texas, requiring more blend volumes and longer lead times to overcome the Gulf Coast heat and increased y-grade vapor pressures. In 2023, the revised plan continues to move as much NGL y-grade north, where the ambient temperatures are cooler and do not require the extended lead times or larger volumes of blend that was experienced in 2022. These improvements in gas and NGL supply chain, logistics, and transportation operations resulted in $1,338,751 of cost savings in Q3 compared to Q2, which was a 49% quarterly reduction in TCG operating expenses.

While cost control work continues, gas and NGLs production and sales volumes may be curtailed at times to deliver lower operating expenses associated with Appalachian Basin gas production. By reducing the blending requirements and managing the volumes to minimize operating expenses, AXP is prepared to weather the lower commodity price environment that is expected through the summer months.

The Colorado operations delivered minimal impact to the overall AXP business. At the Elite Mining site, gas 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 $4,375, capital & investment expenditure incurred was $16,378 and other income generated/expenditure incurred was $*nil*.

EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration and development activities have and will be kept to a minimum during the low gas price environment. Only projects with a very 90-day payout will be considered at this time. Exploration & Evaluation expenses of $49,153 paid during the quarter, related to ongoing legacy payment plan disbursements ($28,400) and site works at the Elite Mining crypto mining operation ($20,753). Development expenses of $230,521 paid during the quarter, relate to payments for previous well recompletions. These costs will not reoccur in the current quarter.

HEALTH, SAFETY & ENVIRONMENT

No Recordable Injuries were recorded during the quarter.

BOARD CHANGE

Mr. Christian Paech has resigned as a director of the Company with effect from 28 April 2023. The Company would like to acknowledge Mr. Paech's contribution having served the board diligently since his appointment. The Board thanks him for his contribution and wishes him well as he pursues his other business commitments. Consistent with the Company's initiatives to reduce costs in this low commodity price environment, AXP will not be looking to appoint a replacement for Mr. Paech at this time.

TENEMENT SCHEDULE

AXP's leases held at the end of the quarter are available by clicking the link below. There were no changes to tenements or farm-in or farm-out arrangements during the period.

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

PAYMENTS TO RELATED PARTIES

Directors fees of $103,629 were paid in the quarter. This includes the payment of certain deferred directors fees from 1 July 2020 to 31 December 2022.

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

-ENDS-

FURTHER INFORMATION: ir@axpenergy.com

Sam Jarvis, Non-Executive Director: 0418 165 686

Greg Grotke, Chief Operating Officer: +1 (720) 770-0105

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) is an oil & gas production and development company with operations in Colorado, Illinois, Indiana, 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 of1933 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.

Appendix 5B

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

Name of entity

AXP Energy Limited

ABN	Quarter ended ("current quarter")
98 114 198 471	31 March 2023

	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')	-	5
	Receipts from customers (excluding EMI)	4,274	12,931
1.2	Payments for		
	(a) exploration & evaluation - EMI	-	-
	exploration & evaluation – all others	-	-
	(b) development - EMI	-	-
	development - all others	(231)	(671)
	(c) production - EMI	-	-
	production - all others	(2,971)	(8,676)
	(d) staff costs - EMI	-	-
	staff costs - all others	(976)	(2,630)
	(e) administration and corporate costs - EMI	-	-
	administration and corporate costs – all other	(642)	(2,334)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	6
1.5	Interest and other costs of finance paid	(42)	(100)
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**	**(586)**	**(1,469)**

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	-	-
	(c) property, plant and equipment - EMI	-	-
	property, plant and equipment – all other	-	-
	(d) exploration & evaluation – EMI	(21)	(68)
	exploration & evaluation – all other	(28)	(287)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	18	18
	(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)	-	-
2.6	**Net cash from / (used in) investing activities**	**(31)**	**(337)**

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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(139)	(356)
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**	**(139)**	**(356)**

	Consolidated statement of cash flows	**Current quarter $US'000**	**Year to date (9 months) $US'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,947	3,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(586)	(1,469)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(31)	(337)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(139)	(356)
4.5	Effect of movement in exchange rates on cash held	(13)	(46)
4.6	**Cash and cash equivalents at end of period**	**1,178**	**1,178**

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	1,178	1,947
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)**	**1,178**	**1,947**

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	104
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.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	500	285
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	500	285

7.5	**Unused financing facilities available at quarter end**	215

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 $500,000 from a private lender at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2024. $285,303 of the facility has been drawn upon as of 31 March 2023.

8.	**Estimated cash available for future operating activities**	**$US'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(586)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(49)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(635)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,178
8.5	Unused finance facilities available at quarter end (item 7.5)	215
8.6	Total available funding (item 8.4 + item 8.5)	1,393
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**2.19**

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.

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

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: 28 April 2023…..

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.