



ASX ANNOUNCEMENT

29 SEPTEMBER 2023

SALE OF ASSETS OF AXP ENERGY

AXP Energy Limited (ASX: **AXP**, OTC US: **AUNXF**), ('**AXP**' or '**Company**') is pleased to announce that AXP Energy Limited and Mountain V Oil & Gas, Inc ('**Mountain V**') have signed a binding letter agreement for Mountain V to acquire 100% of AXP's oil and gas assets located in Tennessee, Eastern Kentucky, Virginia and the Illinois Basin (western Kentucky, Illinois and Indiana assets), AXP's Illinois and Appalachian Basin projects (**Disposal Projects**) (**Transaction**).

Mountain V is a privately held US oil and gas exploration and production company operating in the Appalachian Basin since 1994. Since inception, Mountain V has operated in three US states, acquired and divested over 2,000 wells, and drilled almost 600 wells.

TRANSACTION SUMMARY

AXP's will receive US\$4 million for the Disposal Assets subject to closing adjustments. The consideration will be paid in as follows:

- a) Upon execution of the binding letter agreement – Prepayment of Five Hundred Thousand Dollars (US \$500,000);
- b) Upon execution of a full form purchase and sale agreement but not later than October 30, 2023 – Prepayment of Five Hundred Thousand Dollars (US \$500,000);
- c) Upon approval of the transaction by a vote of AXP shareholders on November 30 – Prepayment of One Million Dollars (US \$1,000,000); and
- d) At Closing – remaining Two Million Dollars (US \$2,000,000) subject to Closing adjustments.

There is no break fee, but if the Transaction doesn't complete the prepaid consideration paid by Mountain V will become repayable by AXP.

Mountain V shall be entitled to conduct due diligence through October 20, 2023 or such later date agreed by the parties in writing.

The sale of the assets will be considered a sale of the Company's main undertaking for purposes of the ASX Listing Rules and accordingly the Transaction will be subject to shareholder approval pursuant to ASX Listing Rule 11.2.

Subject to all conditions being satisfied, Closing shall occur on or before November 30, 2023, or such other date agreed by the parties in writing.

INDICATIVE TIMETABLE FOR THE TRANSACTION

Event	Date*
Notice of Meeting sent to AXP Shareholders	October 30, 2023
AXP Shareholder Meeting to approve the Transaction	November 30, 2023
Expected Completion of the Transaction	November 30, 2023

*The dates above (and references to other dates through this announcement) are indicative only and are subject to any changes that may be agreed between AXP and Mountain V or in consultation with ASX. AXP will update shareholders via the ASX platform as appropriate when the relevant events are reached or changed, or decisions made.

The Board of Directors of AXP believe the Transaction will unlock significantly more value for shareholders than might otherwise be expected over the medium-term by continuing with the Disposal Projects. The Company notes that the US east coast gas market, where gas from the Disposal Projects flow, is a complex market involving significant gas processing costs to market the gas.

AXP does not foresee gas prices rising to a level where the Disposal Projects are attractive or commercial for the Company and therefore considers disposal as being in the best interests of the Company.

Post completion of the Transaction, the Company will remain an oil and gas company with a focus on:

- its Colorado project; and
- additional acquisitions in the oil and gas sector that will be complimentary to the current operations and focus.

The consideration received from the Transaction will be used to fund the above.

ASX have confirmed that it will grant AXP a six-month period from the date of this announcement to demonstrate a sufficient level of operations in accordance with ASX Listing Rule 12.1. If AXP is unable to demonstrate compliance with ASX Listing Rule 12.1 within that six-month period, AXP's securities will be suspended.

Further information on the Transaction and the Company's remaining assets will be set out in the notice of meeting sent to AXP shareholders.

OTHER KEY TERMS OF THE TRANSACTION

- (a) The Company confirms that the parties intend to negotiate and enter a full form sale and purchase agreement by the 30 October.
- (b) The effective date for Closing shall be October 1, 2023 and accordingly, subject to Closing occurring, Mountain V will be entitled to all net revenue from the Disposal Assets on and from October 1, 2023.

- (c) An exclusive dealing period will last until November 15, 2023.

CONDITIONS PRECEDENT

- (a) Mountain V conducting due diligence to their sole satisfaction on or before October 20, 2023;
- (b) Mountain V and AXP negotiating and entering into the definitive purchase and sale agreement by October 30, 2023, (or such other date agreed by the parties in writing);
- (c) The shareholders of AXP resolving to approve the Transaction in accordance with the requirements of ASX Listing Rule 11.2;
- (d) AXP obtaining other third-party approvals required for the transfer of the Disposal Assets; and
- (e) Closing occurring on or before November 30, 2023, (or such other date agreed by the parties in writing) **(End Date)**.

If Closing does not occur on or before the End Date, either party may terminate the agreement and AXP will be required to repay Mountain V all prepaid consideration received to date.

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

END

FURTHER INFORMATION: ir@axpenergy.com

Sam Jarvis, Non-Executive Director: 0418 165 686

Tim Hart, Chief Executive Officer, for USA inquiries: +1 (303) 999-5420

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP, OTC US: AUNXF) 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.