



ASX ANNOUNCEMENT

20 December 2023

SIGNED ASSET SALE AGREEMENT

AXP Energy Limited (ASX: **AXP**, OTC US: **AUNXF**), ('**AXP**' or '**Company**') is pleased to announce that, pursuant to its ASX Announcement on 29 September 2023, the anticipated full form sale and purchase agreement referenced ('**Agreement**') has now been fully executed by AXP and Mountain V Oil & Gas, Inc ('**Mountain V**') for Mountain V to acquire 100% of AXP's oil & gas assets in Illinois and the Appalachian Basin (**Disposal Projects**) (**Transaction**).

The successful execution of the agreement follows an extensive period of due diligence carried out by Mountain V in direct consultation with AXP. The Board of Directors of AXP maintain the view that the Transaction will unlock significantly more value for shareholders than might otherwise be expected over the medium-term by continuing with the Illinois and Appalachian Basin projects. A summary of the transaction is set out below:

TRANSACTION SUMMARY

AXP will receive US\$4 million for the Disposal Projects subject to closing adjustments. The consideration will be paid 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 **December 31, 2023** – Prepayment of Five Hundred Thousand Dollars (US\$500,000);
- (c) Upon approval of the transaction by a vote of AXP shareholders **on or before January 31, 2024** – 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.

AXP will also receive at closing - Eight Hundred Seventy-Six Thousand Four Hundred Forty-Seven Dollars and fifty-seven cents (US\$876,447.57) for oil in the tanks as at the effective date of the Sale of the Disposal Projects.

INDICATIVE TIMETABLE FOR THE TRANSACTION

As indicated on 29 September 2023, the company expects to shortly issue a Notice Of Meeting ('**NOM**') to shareholders for a meeting to seek approval for the Transaction. This meeting is expected to take place in late January and closure of the asset sale will, subject to shareholder approval, occur immediately thereafter.

As agreed between the parties, the Agreement provides for a revised final close date of 31 January or later as may be required for shareholder approval. Specifically, the revised date has been set in order for AXP to issue an updated Notice of Meeting with details of the Transaction and the Company's remaining assets, and allow shareholders 28 days to consider their position.

The Company notes that the cash consideration of US\$4 million to be received for the Transaction is a significant premium to the purchase price the Company paid for the Disposal Projects in 2021 (US\$2.425 Million). As such the Company considers the Transaction as an attractive opportunity for the Company to receive a compelling sale price for the Disposal Projects.

In addition, the US east coast gas market, where gas from the Disposal Projects flow, is a complex market involving significant midstream processing costs to bring the gas into this market. In turn, the Company has previously announced the strategic consideration of a potential asset sale (*refer ASX Announcement 31 July 2024*), taking into account gas prices and dynamics of the US east coast gas market.

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

- Its flagship 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.

As was noted in the Company's ASX Announcement on 29 September 2023, ASX have granted AXP a six-month period from the date of the announcement of the transaction (being 29 September 2023) 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.

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

END

FURTHER INFORMATION: ir@axpenergy.com

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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.