



ASX ANNOUNCEMENT

31 JANUARY 2024

QUARTERLY ACTIVITIES REPORT

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

HIGHLIGHTS

- Customers receipts in the quarter were **\$2,831,626**, down 17% on the prior quarter (\$3,412,080);
- Net cash increased by **\$1,425,820** with cash and cash equivalents at quarter end at \$1,736,889 (previous quarter: \$311,069);
- Cash receipts included **\$2,000,000** from proceeds from disposal of non-current assets (\$1,000,000 of these proceeds were received in advance);
- Gross production was **111,727 BOE**, down 19% on the previous quarter (138,425 BOE);
- Revenue increased 4% to **\$2,763,783** (previous quarter: \$2,657,537), reflecting higher gas prices during the quarter which offset the reduction in output;
- Gas sales volumes decreased by 7% and realised pricing increased by 32% resulting in gas revenue increase to **\$1,342,816** (previous quarter: \$1,072,476);
- Oil sales volumes decreased by 6% resulting in oil revenue decreasing to **\$1,010,014** (previous quarter \$1,128,155);
- NGL revenue decreased by 6% to **\$408,119** (previous quarter: \$431,961);
- Unsold oil inventory held at quarter end totalled **16,834 barrels of oil** (previous quarter: 14,904 barrels of oil); and
- Post quarter-end, the final tranche payment of \$2,000,000 (subject to final closing adjustments) in connection with the \$4,000,000 sale of the Appalachian and Illinois assets is expected to be received in February.

Chief Executive Officer Tim Hart commented: "The group's focus during the quarter was on the divestiture of the Appalachian and Illinois assets, which involved the continued operation of the assets while also managing the final due diligence process ahead of the signed sale agreement in December. In connection with the sale of the assets, the Company received another cash injection during the quarter, with a further \$2,000,000 (subject to closing adjustments) scheduled for receipt in Q3 FY2024. Our focus in the current quarter is to complete the sale of the Appalachian and Illinois Basin assets, which is subject to shareholder approval, and extract greater value from our Pathfinder Field in Colorado. We are assessing opportunities to enhance oil production here and to economically monetise Pathfinder's substantial gas reserves which can be readily tapped from multiple well heads located across the leases."

FINANCIAL & CORPORATE OVERVIEW

Net revenue for the quarter was 4% higher than the prior quarter at \$2,763,783 (prior quarter: \$2,657,537). The increase was primarily attributable to higher realised pricing offset against lower sales volumes.

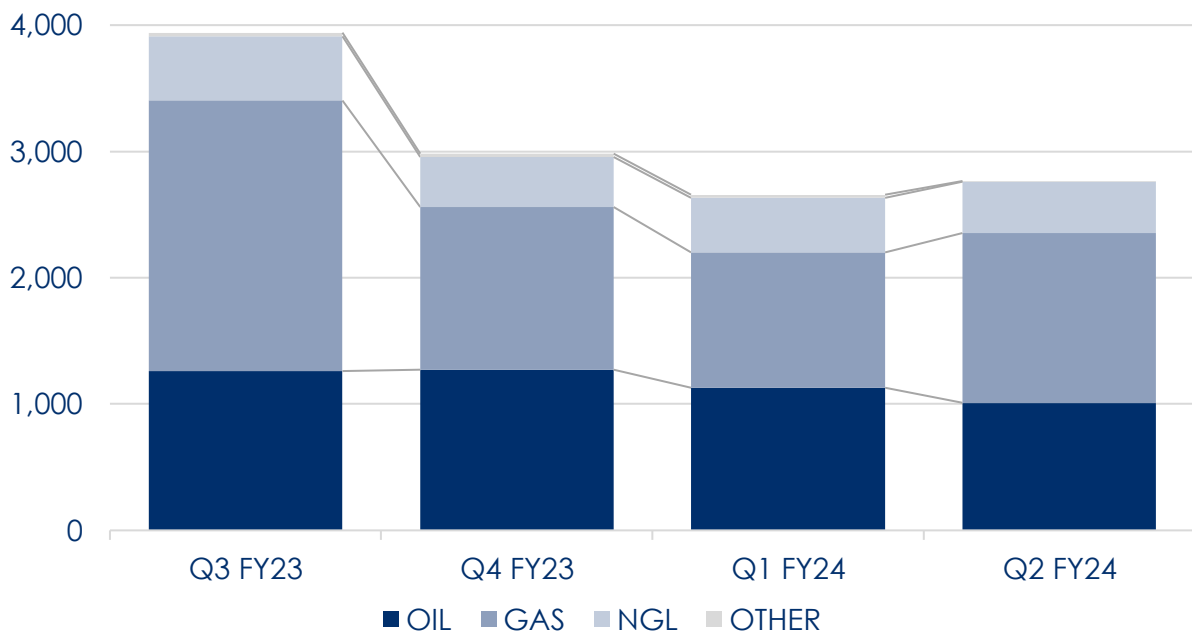
The following table summarises and compares the Company's net sales quantities by hydrocarbon for the past 2 quarters:

NET SALES QUANTITIES*	Q1 2024	Q2 2024	% CHANGE
Gas [Mcf]	347,114	321,213	-7%
Oil [BBL]	14,812	13,987	-6%
NGL [USG]	555,771	606,297	+9%

* Post royalties

The quarter-on-quarter increase in realised gas price of 32% offset by the volume of gas sold (down 7%) over the previous quarter increased overall gas revenue by 25%. Net oil sales volumes decreased by 6% and realised pricing reduced quarter-on-quarter by 4%. The volume of NGL sales was up 9% on the previous quarter; offset by increased realised pricing for NGLs.

NET REVENUE BY HYDROCARBON (\$ '000)



The December quarter resulted in an operating cash outflow of \$410,097 compared to an operating cash outflow of \$41,263 reported in the previous quarter.

Net cash from investing activities was \$1,985,000, comprising proceeds from other non-current activities of \$2,000,000 (\$1,000,000 received in advance) in connection with the sale agreement for the disposal of AXP's oil & gas assets in Illinois and the Appalachian Basin. This was partially offset by outflows of \$15,000 due to an ongoing legacy payment plan disbursements made during the quarter.

Cash and cash equivalents at quarter end amounted \$1,736,889, with short-term debt obligations of \$310,941. Payables continue to be managed in the normal course of business.

On 20 December 2023, the Company announced it had entered into a signed asset sale agreement to sell its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc. Consideration for the sale was \$4,000,000, to be paid in stages.

The sale followed a binding letter agreement signed by the parties on 29 September 2023. \$2,000,000 in connection with the sale has been received to-date, with shareholder approval for the transaction to be sought at a General Meeting on 6 February, 2024. The Closing Date for the transaction is expected to be on or before 8 February 2024, at which point the final tranche of \$2,000,000 will be transferred in accordance with the signed sale agreement, subject to closing adjustments.

The Company believes this sale will bring added value to shareholders by focusing resources on its Colorado project and strengthening its balance sheet to potentially seek new acquisitions in the oil and gas sector.

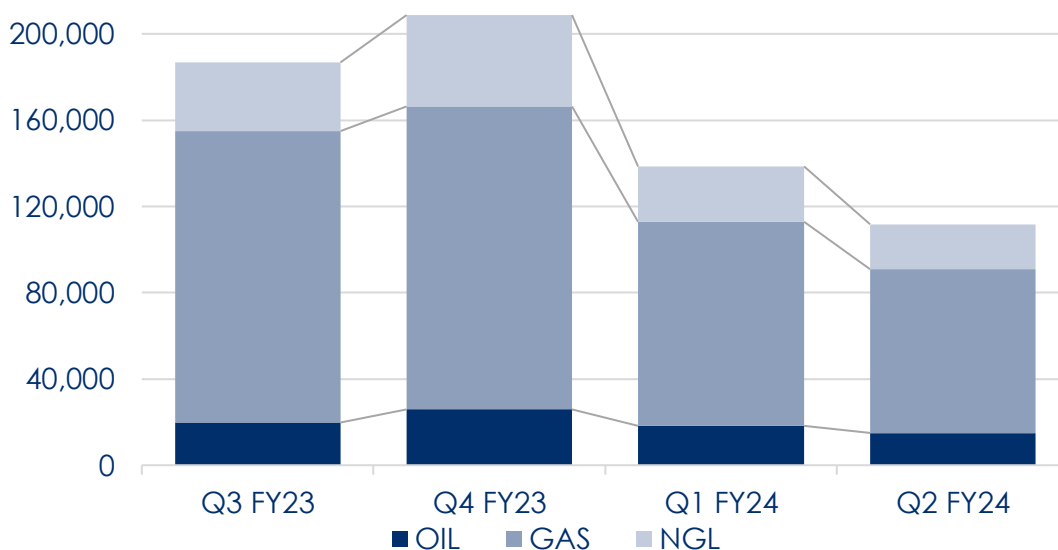
From 29 September 2023, the operations relating to the sale will be accounted for as a discontinued operation, with any revenues and costs post 1 October being classified as part of a working capital adjustment. The assets and associated liabilities relating to the sale will be classified as an *asset held for sale* at 31 December 2023.

PRODUCTION & OPERATIONS OVERVIEW

Production quotas for oil & gas remained capped during the period. Gross production for the December quarter was 111,727 BOE (barrels of oil equivalent), down 19% on the previous quarter (138,425 BOE).

The Company benefited from stronger market conditions to generate higher prices for volumes produced while management prioritised the completion of the Sale Agreement for the Illinois and the Appalachian Basin assets.

GROSS PRODUCTION BY HYDROCARBON (BOE)



EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration & Evaluation expenses of \$15,000 paid during the quarter, related to ongoing legacy payment plan disbursements. Development expenses of \$nil paid during the quarter.

HEALTH, SAFETY & ENVIRONMENT

No Recordable Injuries were recorded during the quarter.

An accidental discharge of liquids occurred and was reported to the regulatory agencies in Kentucky. The Operations team corrected the problem and cleaned up the spill immediately. As a result, a nominal \$15,000 fine was assessed by the regulator.

BOARD CHANGES

During the quarter, Mr Sam Jarvis was appointed as Chairman following the resignation of Mr Simon Johnson, who remained as a non-executive Director.

Post quarter-end on 23 January 2024, Mr Andrew Bald was appointed as a non-executive Director following the resignation of Mr Johnson on the same day.

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

Director's fees of \$34,900 were paid in the quarter.

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

-ENDS-

FURTHER INFORMATION: ir@axpenergy.com

Tim Hart, Chief Executive Officer: +1 (309) 999-5420

Sam Jarvis, Non-Executive Chairman: 0418 165 686

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 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.

Appendix 5B

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

Name of entity

AXP Energy Limited

ABN

98 114 198 471

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from Elite Mining Inc ('EMI')	-	-
	Receipts from customers (excluding EMI)	2,832	6,244
1.2	Payments for		
	(a) exploration & evaluation - EMI	-	-
	exploration & evaluation – all others	-	-
	(b) development - EMI	-	-
	development - all others	-	(6)
	(c) production - EMI	-	-
	production - all others	(1,836)	(3,992)
	(d) staff costs - EMI	-	-
	staff costs - all others	(720)	(1,578)
	(e) administration and corporate costs - EMI	-	-
	administration and corporate costs – all other	(662)	(1,070)
1.3	Dividends received	-	-
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid	(25)	(52)
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	(410)	(452)

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 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	-	-
	exploration & evaluation – all other	(15)	(33)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	2,000	2,000
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1,985	1,967

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	(148)	(295)
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	(148)	(295)

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

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	311	522
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(410)	(452)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,985	1,967
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(148)	(295)
4.5	Effect of movement in exchange rates on cash held	(1)	(5)
4.6	Cash and cash equivalents at end of period	1,737	1,737

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	1,737	311
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)	1,737	311

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	35
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7. Financing facilities <i>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.</i>		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	311
7.3	Other (please specify)	-	-
7.4	Total financing facilities	500	311
7.5	Unused financing facilities available at quarter end		189
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. \$310,941 of the facility has been drawn upon as of 31 December 2023.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(410)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(15)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(425)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,737
8.5 Unused finance facilities available at quarter end (item 7.5)	189
8.6 Total available funding (item 8.4 + item 8.5)	1,926
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.53
<i>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.</i>	
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	
<i>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.</i>	

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: 31 January 2024.....

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.