



ASX ANNOUNCEMENT

31 OCTOBER 2024

## QUARTERLY ACTIVITIES REPORT

**AXP Energy Limited** (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 30 September 2024 (*all in USD unless stated otherwise*).

### HIGHLIGHTS

- Gross oil production from Colorado increased 1% for the quarter to **3,077 barrels of oil** (previous quarter: 3,054 barrels of oil).
- Revenue from 100%-owned Colorado operations was **\$124,985** (previous quarter: \$207,604), reflecting a combination of lower realised prices during the quarter and reduced sales volumes, given some oil was used for hot oil well maintenance works.
- Customers receipts in the quarter were **\$172,779** (prior quarter \$225,484). The prior quarter customer receipts included contributions from assets that have since been sold.
- Cash and cash equivalents at quarter end were **\$853,192** (previous quarter: \$1,464,487).
- The Company also expects to receive a further return of bonds valued at approximately **\$320,000** in the next few months following the transfer of leases to Mountain V, as well as federal and state tax refunds of approximately **\$380,000**.
- Unsold oil inventory held at quarter end totalled **1,065 barrels of oil** (previous quarter: 1,014 barrels of oil).
- With a much lower cost base, cash reserves, receivables and modest revenue from regular oil sales, AXP is well-placed to focus on monetising the natural gas at the Pathfinder Field.
- As reported, there are now two generators at the Pathfinder #2 well site and AXP is focused on demonstrating reliable gas-to-power operations and stable uptime. Negotiations with potential customers to deliver gas-to-power are well advanced.

**Non-Executive Chairman Sam Jarvis said:** "Most of our efforts in the quarter focused on establishing the Pathfinder Field as a reliable, off-grid gas-fired power generation operation and we are making good progress here. We have taken the decision to locate both Gen-Tec generators at the Pathfinder #2 well site with gas being supplied for first power generation from the Pathfinder #2 and Amerigo Vespucci wells. Our efforts are focused on fine tuning generator performance to deliver sufficient uptime for potential customers and preparing the site for operations. All associated production infrastructure is now in place. Negotiations with customers are advancing favourably. We are also undertaking some well work to assess new formations within our leases and will provide an update on the outcome of these works."

## **FINANCIAL & CORPORATE OVERVIEW**

Revenue from continuing operations for the September quarter was 40% lower than the June quarter at \$124,985 (prior quarter: \$207,604). The reduction was attributable to lower realised pricing and reduced sales volumes due to hot oil treatment in September, resulting in delayed oil sales.

The September quarter resulted in an operating cash outflow of \$634,236, which included discontinued operation payments, regulatory payments, and power generation project payments, compared to an operating cash outflow of \$491,462 in the previous quarter.

Net cash inflow from investing activities was \$95,315, comprising net receipts of bond and other deposit refunds of \$171,872 offset by payments for property, plant and equipment of \$50,000, exploration & ongoing legacy payment plan disbursements of \$26,557.

Cash and cash equivalents at quarter end amounted to \$853,192, with no debt obligations.

## **PRODUCTION & OPERATIONS OVERVIEW**

Gross oil production for the September quarter was 3,077 barrels of oil up 1% on the previous quarter of 3,054 barrels of oil.

## **RESERVES & CONTINGENT RESOURCES UPDATE**

On 20 September the Company reported an updated estimate of its Reserves and Contingent Resources as at 1 July 2024.

Consistent with the sale of the Appalachian and Illinois Basins to Mountain V Oil & Gas, Inc, Proved Reserves (1P) and Proved + Probable Reserves (2P) relate to the remaining 100%-owned oil and gas assets located in the Colorado DJ Basin.

Proved Developed oil reserves in the DJ Basin have increased to 64 thousand barrels of oil, up from 48 thousand barrels of oil in 2023, due to the combination of improved well performance, with slightly higher forecast oil prices and lower operating costs resulting in delayed economic limit and extended producing life.

Proved Developed gas reserves in the DJ Basin have technically decreased to zero (2023: 105 MMCF) because the gas market is currently interpreted to be uncertain whilst under development, thus it is not possible to quantify these gas quantities as reserves at this time. Notwithstanding, all gas volumes are now included in Contingent Resources (2C) of 744 BCF. Together with 78 million barrels of oil (MMBBL), Contingent Resources (2C) equate to 202 million barrels of oil equivalent (MMboe).

## **EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES**

Exploration & Evaluation expenses of \$26,557 paid during the quarter. Development expenses of \$nil paid during the quarter.

During the quarter, the Company added a second 750kW gas fired generator to expand its planned gas-to-power operations. Both generators are located at the Pathfinder #2 well site which will be the site of the first gas-to-power operation and tapping gas from the Pathfinder #2 and Amerigo Vespucci wells. Both these wells are connected to the generators with negotiations with the potential electricity customers advancing favourably.

The Company also undertook some basic well work involving 'hot oil' treatment of 11 of the producing wells across its leases to enhance oil production. There has been some limited improvement in the performance of some wells.

The main focus for the Company at this time is to deliver meaningful volumes of Pathfinder's gas for future power generation sales. To date, this gas has been stranded. As well as the gas-to-power operations referenced above, the Company has undertaken some initial works to assess other productive formations across its leases. An update on these works is pending.

### HEALTH, SAFETY & ENVIRONMENT

No Recordable Injuries or environmental concerns were recorded during the quarter.

### TENEMENT SCHEDULE

The following table summarizes the Group's tenements as at 30 September 2024.

OPERATING SEGMENT	Quarter ended 30-Jun-24		Quarter ended 30-Sep-24		Percentage change in holding during quarter
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
<b>Denver-Julesburg Basin</b>					
Colorado	76	12,902	76	12,902	-
<b>TOTAL</b>		<b>12,902</b>		<b>12,902</b>	-

### PAYMENTS TO RELATED PARTIES

Director's fees of \$32,213 were paid in the quarter.

### EXPECTED RECEIPTS, PAYMENTS AND REDUCED COSTS IN FY25

The Company expects to receive a further return of bonds valued at approximately \$320,000 in the next few months following the transfer of leases to Mountain V, as well as federal and state tax refunds of approximately \$380,000.

Additionally, all operating costs (staff, administration and corporate) associated with the Appalachian & Illinois Basin projects have been cut as a direct result of the divestment of the assets.

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

**-ENDS-**

**FURTHER INFORMATION**

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**For US-based inquiries please contact Tim Hart** Chief Executive Officer: +1 (303) 999-5420

**Released through: Ben Jarvis, Six Degrees Investor Relations:** 0413 150 448 [ben.jarvis@sdir.com.au](mailto:ben.jarvis@sdir.com.au)

**ABOUT AXP ENERGY LIMITED**

AXP ENERGY Limited (ASX: AXP, OTC US: AUNXF) is an oil & gas production and development company with core operations in Colorado. AXP's focus is to 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. AXP is now also repurposing stranded gas at the 100%-owned Pathfinder Field into power generation and selling this power to end-users. AXP has a portfolio of 24 oil & gas wells held by production at Pathfinder.

**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

<b>AXP Energy Limited</b>
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ABN

98 114 198 471
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Quarter ended ("current quarter")

30 September 2024
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$US'000</b>	<b>Year to date (3 months) \$US'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from Elite Mining Inc ('EMI')	-	-
Receipts from customers (excluding EMI)	173	173
1.2 Payments for		
(a) exploration & evaluation - EMI	-	-
exploration & evaluation – all others	-	-
(b) development - EMI	-	-
development - all others	-	-
(c) production - EMI	-	-
production - all others	(151)	(151)
(d) staff costs - EMI	-	-
staff costs - all others	(264)	(264)
(e) administration and corporate costs - EMI	-	-
administration and corporate costs – all other	(390)	(390)
1.3 Dividends received	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
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	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(634)</b>	<b>(634)</b>

## 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 (3 months) \$US'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment - EMI	-	-
	property, plant and equipment – all other	(50)	(50)
	(d) exploration & evaluation – EMI	-	-
	exploration & evaluation – all other	(27)	(27)
	(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	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received	-	-
2.5	Other – net bonds/deposits received	172	172
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>95</b>	<b>95</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(341)	(341)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

## 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 (3 months) \$US'000
3.9	Other – Post closing costs recovered from Mountain V Oil & Gas as part of final closing settlement	270	270
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(71)</b>	<b>(71)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,464	1,464
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(634)	(634)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	95	95
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(71)	(71)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>853</b>	<b>853</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	853	1,464
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>853</b>	<b>1,464</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	32
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.*

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-
<b>7.5</b>	<b>Unused financing facilities available at quarter end</b>	
		-
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.	
	n/a	

<b>8. Estimated cash available for future operating activities</b>	<b>\$US'000</b>
8.1	(634)
8.2	(27)
8.3	(661)
8.4	853
8.5	-
8.6	853
8.7	<b>1.29</b>
<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: During the quarter, the Company settled various amounts owed in relation to the discontinued operations. Going forward net operating cash outflows are expected to be lower than the current quarter.
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: At present the Company does not need to raise cash to fund its operations. The Company has sufficient cash from existing cash flows and cash from existing operations. The Company expects to receive approximately \$320k in return of bonds following the transfer of the leases to Mountain V Oil & Gas, Inc and a refund of approximately \$380k of federal and state taxes.



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

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: Yes, the entity expects to continue its operations and to meet its business objectives. During the quarter, the Company settled various amounts owed in relation to the discontinued operations. Going forward net operating cash outflows are expected to be lower than the current quarter. The Company expects to receive approximately \$320k in return of bonds following the transfer of the leases to Mountain V Oil & Gas, Inc and a refund of approximately \$380k of federal and state taxes.

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: 31 October 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.