



ASX ANNOUNCEMENT

31 JANUARY 2025

QUARTERLY ACTIVITIES REPORT

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this summary of activities for the quarter ended 31 December 2024 (*all in USD unless stated otherwise*).

HIGHLIGHTS

- Gross oil production from Colorado decreased 12% for the quarter to **2,703 barrels of oil** (previous quarter: 3,077 barrels of oil).
- Revenue from 100%-owned Colorado operations was **\$136,285** (previous quarter: \$124,985), reflecting higher sales volumes offset by lower realised prices during the quarter.
- Customers receipts in the quarter were **\$108,148** (prior quarter \$172,779).
- Cash and cash equivalents at quarter end were **\$177,704** (previous quarter: \$853,192).
- 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 **\$369,000**.
- Unsold oil inventory held at quarter end totalled **1,030 barrels of oil** (previous quarter: 1,065 barrels of oil).
- Binding Joint Development Agreement (JDA) signed with Blackhart Technologies for the sale of gas-to-power to be utilized for data centre operations in Colorado.
- Pathfinder Mining site completely setup with 1.5MW power generation and 545 Antminers configured and ready to turn on subject to final permitting. The system is estimated to be brought online by early February.
- Two further sites – the JW Powell and Kelsey Court - are in the development phase with planning for an additional 25MW of power generation is underway.

Chairman Sam Jarvis said: "With US energy demand at an all-time high, widely driven by the continued maturity of AI as well as the growing adoption of crypto currencies, the Florence field now has the potential to be a major power hub in Southern Colorado. The JDA with Blackhart and the rapid build out of our first site represents AXP's first move to capitalise on this opportunity. The ~1.5 MW Pathfinder Mining operation, our first site, is a critical test case that will help facilitate a major scale up of operations with Blackhart and their counterparties."

"When we became involved in the field back in 2012, AXP's engineers were expecting oil. As the field was developed over the years, an enormous gas resource was also discovered. With no gas sales channel in place, the Florence field has been difficult to extract value. Converting this gas to power and using that power on site now greatly changes the economics of the field and delivers a viable sales channel. We look forward reporting on the progress of our first site very soon, the progress with subsequent sites and already earmarked and our strategy to deliver a major scale-up."

FINANCIAL & CORPORATE OVERVIEW

Revenue from continuing operations for the December quarter was 9% higher than the September quarter at \$136,285 (prior quarter: \$124,985). The increase was attributable to higher sales volumes offset by lower realised pricing.

The December quarter resulted in an operating cash outflow of \$398,405, which included regulatory payments, corporate and power generation project payments, compared to an operating cash outflow of \$634,236 in the previous quarter.

Net cash outflow from investing activities was \$152,553, comprising of exploration & ongoing legacy payment plan disbursements of \$132,508 and bond financial assurance payments of \$20,045.

Cash and cash equivalents at quarter end amounted to \$177,704, with no debt obligations.

PRODUCTION & OPERATIONS OVERVIEW

In late October, AXP executed a binding Joint Development Agreement ('JDA') with Colorado based Blackhart Technologies, Ltd. The agreement outlines a 3-year gas sales and energy conversion commitment with a recurring option to renew annually.

Upon completion of a successful pilot test program, immediate expansion is planned for another 2 sites totalling 5MW of power. Planning and execution for these next 2 sites is currently underway.

The gas source for the 5MW of power generation will come from existing shut in production, with the majority sourced from Pathfinder #2, JW Powell and Amerigo Vespucci. All 3 wells were completed in the Niobrara formation, have been primarily offline since 2018, and will also contribute to total oil production once the system comes online. An additional 1MW site will be constructed using a number of wells on Kelsey Court which are currently producing from the shallower Pierre formation.

Planning for an additional 25MW of power generation is also currently underway.

Gross oil production for the December quarter was 2,703 barrels of oil down 12% on the previous quarter of 3,077 barrels of oil. This was due to the Pathfinder #2 well being offline whilst adjacent development work was being carried out and whilst the testing of the power generation equipment and other works associated with the Blackhart JDA were ongoing.

EXPLORATION AND FIELD DEVELOPMENT ACTIVITIES

Exploration & Evaluation expenses of \$132,508 paid during the quarter. Development expenses of \$5,762 paid during the quarter.

The Pathfinder #1 well was perforated and fracked in the Greenhorn formation. The well is currently shut in awaiting the installation of a pumpjack and separator in order to complete flowback operations.

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 31 December 2024.

OPERATING SEGMENT	Quarter ended 30-Sep-24		Quarter ended 31-Dec-24		Percentage change in holding during quarter
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Denver-Julesburg Basin Colorado	76	12,902	76	12,902	-
TOTAL		12,902		12,902	-

PAYMENTS TO RELATED PARTIES

Director's fees of \$34,819 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 \$369,000.

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

-ENDS-

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FURTHER INFORMATION

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ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP, OTC: AUNXF) is an oil & gas production and development company with core operations in Colorado. AXP is focused on repurposing stranded gas at its 100%-owned Pathfinder Field for power generation and plans to sell this power to data centre operators and owners focused on High Performance Computing (HPC) including AI, rendering and other high processor intensive operations. It has secured its first customer with Blackhart Technologies LLC. AXP has 24 operating oil & gas wells at its Pathfinder Field.

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 2024

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 customers	108	281
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(6)	(6)
(c) production	(55)	(206)
(d) staff costs	(165)	(428)
(e) administration and corporate costs	(286)	(679)
1.3 Dividends received	-	-
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid	(11)	(14)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – tax refund	16	16
1.9 Net cash from / (used in) operating activities	(397)	(1,033)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(50)
(d) exploration & evaluation	(133)	(159)
(e) investments	-	-
(f) other non-current assets	-	-

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
2.2	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	(20)	152
2.6	Net cash from / (used in) investing activities	(153)	(57)

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	(113)	(454)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Post closing costs recovered from Mountain V Oil & Gas as part of final closing settlement	(3)	268
3.10	Net cash from / (used in) financing activities	(116)	(186)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	853	1,464
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(397)	(1,033)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(153)	(57)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(116)	(186)

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
4.5	Effect of movement in exchange rates on cash held	(9)	(10)
4.6	Cash and cash equivalents at end of period	178	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	178	853
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)	178	853

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	-

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

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	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(397)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(133)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(530)
8.4 Cash and cash equivalents at quarter end (item 4.6)	178
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	178
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.34
<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: In the next quarter, the Company expects to receive a refund of \$369k in federal and state taxes and will commence its gas-to-power operations, which are expected to result in improved cash flows.	
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: The Company is currently in a trading halt as it anticipates announcing a share placement. Additionally, the Company expects to receive approximately \$320k in return of bonds following the finalisation of the transfer of the leases to Mountain V Oil & Gas, Inc, as well as a refund of approximately \$369k 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 achieve its business objectives. In the next quarter, the Company will commence its gas-to-power operations, announce a share placement, and expects to receive approximately \$320k in return of bonds following the finalisation of the transfer of the leases to Mountain V Oil & Gas, Inc., as well as a refund of approximately \$369k 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 January 2025.....

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.