



ASX ANNOUNCEMENT

3 MARCH 2022

OIL PRODUCTION OPERATIONS UPDATE

HIGHLIGHTS

- The first of the 2 drilled & uncompleted wells (DUCs), the DPI-2604, was successfully fracked on 11 February with 47% of frack fluid now recovered. First hydrocarbon (both gas and oil) shows now materialising in frack fluids;
- DPI-2604 is now being put on pump with an initial production rate likely to be determined later next week once all frack fluid is recovered;
- Two zones were fracked on the second DUC, the DPI-2605. Flowback operations will commence when weather conditions improve, likely next week;
- Smaller workovers across a number of leases have increased average daily oil production to over 300 barrels of oil per day since mid-February, up from the 261 BOPD second quarter average;
- The operations team is prioritising workover opportunities from a catalogue of wells to further enhance oil production;
- Another seven DUCs have been identified and will be prioritised along with new drilling and ongoing well workovers;
- AXP remains on track to drill of its first high impact vertical well on its 100%-owned Dacy Lease later this month, weather permitting;
- As warmer weather approaches, workovers and drilling of new wells should accelerate so AXP is well placed to benefit should the recent spike in oil & gas prices continue in the short to medium term;
- Unsold oil inventory in collection tanks is 17,617 barrels of oil.

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') is pleased to provide this update on its various field development activities aimed at increasing oil production. As per the highlights above, small low-cost workovers across the Company's leases in the Appalachian and Illinois Basins has resulted in oil production consistently averaging over 300 barrels per day. This is prior to any production being realised from the DPI-2604 and DPI-2605 DUCs wells and before the Pathfinder horizontal well in Colorado is brought back on line to supply gas to Elite Mining's operations (the Pathfinder well produces oil and gas).

AXP reported on 3 February that it had commenced work on the first two DUCs and that fracture stimulation operations were to be undertaken. The Company confirms that these fracks have been successfully completed and first hydrocarbon shows (both oil & gas) are present in the first well, the DPI-2604. This is encouraging and an initial production (IP) rate will likely be recorded within weeks when all frack fluid has been recovered. Flowback of the DPI-2605 will likely commence soon when weather conditions improve, and production will be reported thereafter.

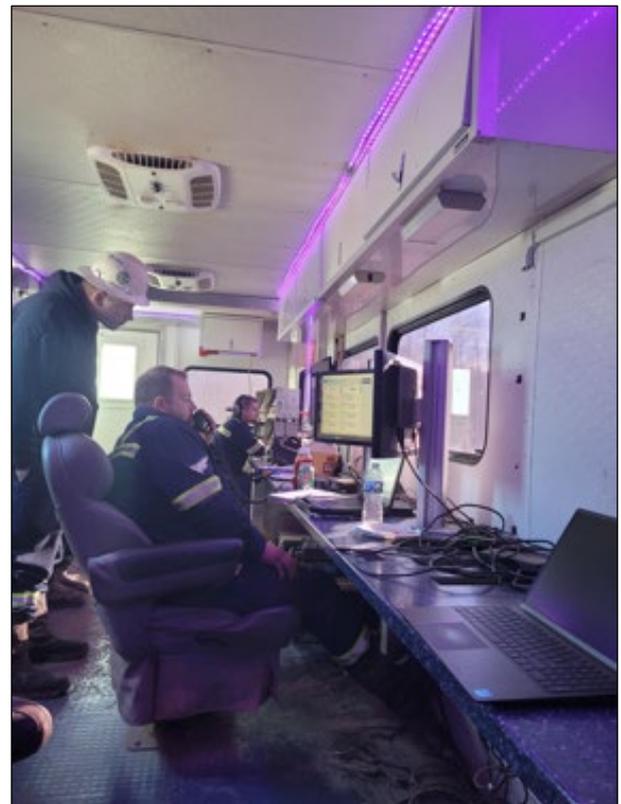
A further seven DUCs have been identified for completion at various stages (see images below of current flow back operations).

AXP's multi-pronged field development program, which includes drilling new wells, bringing the DUCs online and undertaking ongoing low-cost workovers, are all aimed at collectively growing oil production and adding to the natural gas and natural gas liquids sales channels. By increasing its production, AXP should be well placed to take advantage of the recent spike in oil and gas prices in the US should they be sustained in the short to medium term.

Growing oil production across all leases is a key priority for the Company and today's announcement confirms that material progress has been made in delivering this. Flow rates from the DUCs will be reported as results come to hand and other meaningful operational developments will be communicated.

Chief Executive Officer Tim said: *"Whilst it is pleasing that daily oil production is steadily growing, more material gains will be achieved from the higher capex activities such as completing these DUCs and drilling new wells. Our team is also continuing to deliver many small production gains through ongoing workovers and we have a catalogue of existing wells that we are systematically working over to build production through this channel as well.*

"We eagerly await the results from these fracks on the DUCs which should prove up the potential of existing formations but also new formations that are present across our leases that we are yet to tap. We are very well-placed to deliver growth in oil production and capitalise on the high WTI price. I look forward to reporting back on progress on first production from the DUCs as well as on activities in Colorado where work is advancing to connect in the Elite EMUs."



Images 1-4: DPI-2604 and DPI-2605 flow back operations

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

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FURTHER INFORMATION

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ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) (formerly Fremont Petroleum Corporation Limited) 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.