



ASX ANNOUNCEMENT

21 AUGUST 2024

EXPANDS GAS-TO-POWER GENERATION OPERATIONS

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') provides this update on the ongoing development of its Pathfinder Field ('Pathfinder') in Colorado. The Company maintains its 100% working interest (76% Net Royalty Interest) in assets located in the Denver-Julesburg Basin in Colorado with 3,850 acres currently held by production. AXP's portfolio comprises 24 producing oil & gas wells located in the historic Florence Oilfield.

HIGHLIGHTS

- As flagged in the ASX announcement dated 15 June 2024, the Gen-Tech generator connected to the Pathfinder #2 well has been operating for over 60 days within excess of 95% reliability. It has consistently produced 750kWh of electricity from ~100 mcf/d gas.
- A second Gen-Tech generator has now been delivered to site and the Amerigo Vespucci well will now be brought online. This will expand power capacity to 1,500kWh of electricity.
- Connection of the Amerigo Vespucci well will potentially lead to increased oil production once flow rates are stabilised.
- With two generators on site, AXP is now well-placed to deliver in-situ gas-to-power generation reliably, with very minimal downtime – a key criterion for potential power customers.
- Previously reported in-situ well site gas supply for power generation with Elite Mining has ceased, and AXP has secured ownership of all associated hosting infrastructure for minimal cost. AXP is in preliminary discussions with potential customers to deliver gas-to-power generation, provide the associated infrastructure (excluding computing units) and on-site management.
- Site improvements to the Pathfinder #2 project area are underway in preparation.
- AXP's near-term objective is to repurpose stranded gas from the Pathfinder Field to power modular data centres, operated by third parties targeting High Performance Computing (HPC), AI and rendering and other high computing intensity operations. The Pathfinder #2 well site represents AXP's first step in this regard.

AXP is pleased to report that the first Gen-Tech generator connected to Pathfinder #2 well has performed reliably and powered a 750kWh generator producing electricity throughout the day from ~100mcf/day of gas. Uptime over a 60 day period was in excess of 95% with further improvements anticipated.

Given this performance, AXP has taken the decision to expand its in-situ power generation activities at the Pathfinder Field given the growing demand in the United States for 'off grid' power solutions from data centre operators and their customers. AXP is well-placed to capitalise on this market opportunity given the field's large proven gas reserves, its close proximity to major population centres and large government and commercial enterprises. Next steps in this expansion include:

Establishing infrastructure at the Pathfinder #2 site to secure power generation customers

In September 2021, AXP reported that it had entered into an agreement with Elite Mining, Inc, (ASX release 15 September 2021) where AXP would deliver in-situ gas for Elite's power generation using stranded gas to power Elite's computing units. Elite subsequently ceased operating at AXP's field and abandoned the site leaving all infrastructure, excluding computing units (see images below). AXP has negotiated the purchase of this infrastructure for a nominal amount and now intends to reconnect the site ahead of securing a new agreement with other modular data centre operators. AXP would plan to sell power, produced from Pathfinder's gas and generators, rent the infrastructure it has acquired and provide on-site services to customers to ensure reliability and maximum uptime, thereby controlling gas utilisation and power production. Customer negotiations are advancing.

Expansion of power generation activities to Amerigo Vespucci well site

AXP is also pleased to confirm that a second Gen-Tech generator has been mobilised to site. On the back of this, the Amerigo Vespucci well will now go onto production to supply that unit with stranded gas. Similar to the Pathfinder #2 well, AXP anticipates that this generator would produce similar amounts of electricity, 750kWh, from gas flows of ~100 mcf/day. AXP would enter into a rent-to-buy agreement with Gen-Tech on the similar terms entered into with the first generator. Associated oil production will add further to the Pathfinder's growing sales volumes. Customers would also be sourced once production has commenced and reliable power generation from Vespucci can be confirmed. Establishing a natural gas liquids ('NGL') sales channel also becomes more viable with the Vespucci well tied into the production. AXP is securing a suitable liquids stripping plant to achieve this NGL processing and recovery, being a further value add potential to the project.

Rationale for establishing in-situ power generation operations at the Pathfinder Field

Given gas flaring restrictions in Colorado and the fact that a pipeline connection to sell Pathfinder's gas remains uneconomical at this time, in-situ gas-to-electricity power generation represents the best opportunity to monetise what is currently a large stranded gas resource. The growth in demand for off grid power solutions from data centre operators and their customers in the United States is a growing industry and one where AXP is well-placed to capitalise. The first two sites are being advanced to showcase AXP's capabilities and the field's economics. The Company then plans to expand the operations by connecting more wells from the current 24-well portfolio.

Comment

Director Andrew Bald commented: "We are pleased to report reliable power generation from modest gas flows at the Pathfinder #2 well site and we are making good progress establishing additional oil production from the Amerigo Vespucci well. Our immediate objective is to reliably produce ~1,500 kWh of power from the first two wells, lock in our first customers, and then build out the field from here. Demand for data centres in the United States is growing rapidly and presents a large market opportunity. AXP is ideally positioned to convert Pathfinder's gas into a reliable off-grid power source for data centre owners and operators and the Pathfinder #2 site represents our first steps in this regard."

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Pathfinder Well with Modular Data Centre in Background



On-site Data Centre Module Interior



First of two Gas-Fired Generators on-site at Pathfinder Well



Gas-Fired Genset Internal View

-ENDS-

FURTHER INFORMATION:

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ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) is an oil & gas production and development company with core operations in Colorado. 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

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