AXP ENERGY LIMITED

ACN 114 198 471

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (Sydney time)

DATE: Tuesday, 6 February 2024

PLACE: Level 4, 8 Spring Street, Sydney NSW 2000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at10:00am on 4 February 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution:**

> *"That, under and for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale by the Company of 100% of the Illinois & Appalachian Basins* projects *to Mountain V Oil & Gas, Inc, on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Disposal of Main Undertaking	The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mountain V Oil & Gas, Inc (or any of its associates) or any other person who will obtain a material benefit as a result of the Disposal (except a benefit solely by reason of being a Shareholder) (each, an **Excluded Party**). However, this does not apply to a vote cast in favour of the Resolution by: (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or (b) the chair of the meeting as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of an Excluded Party excluded from voting, on the Resolution; and (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 9299 9580.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

ASX takes no responsibility for the contents of this Notice.

1. BACKGROUND TO DISPOSAL OF THE MAIN UNDERTAKING

1.1 Transaction

The Company has entered into an asset sale agreement (**Asset Sale Agreement**) with Mountain V Oil & Gas, Inc. (**Mountain V**) pursuant to which Mountain V has agreed to purchase, and the Company has agreed to sell its 100% interest in the Illinois & Appalachian Basins projects (together the **Disposal Projects**) to Mountain V for USD $4,000,000 (**Disposal**) (previously announced on 29 September 2023).

The disposal of the Disposal Projects, constitutes a disposal of the Company's main undertaking (the subject of Resolution 1).

Additionally, a summary of the material terms and condition precedents of the Asset Sale Agreement is set out in Schedule 1 to this Notice.

The purpose of Resolution 1 is to seek Shareholder approval for the Disposal in terms of Listing Rule 11.2 and, more generally, to provide Shareholders with an opportunity to vote in favour or against the Disposal.

Shareholders should refer to Section 2.2 for a summary of Listing Rule 11.2 and the implications for the Company if Shareholder approval for the Disposal is not obtained.

1.2 Background on the Company and the reasons for the Disposal

The Company is an Australia public company, which was incorporated on 11 May 2005 and listed on the ASX on 19 July 2006 (as Austin Exploration Limited). The Company is an oil and gas company with two main projects:

(a) Illinois & Appalachian Basins projects (together the **Disposal Projects**); and

(b) Colorado Project.

Following completion of the acquisition of the Disposal Projects in 2021, the Company's main focus has been on operating and optimising the approximately 1,400 wells of the Disposal Projects. However, the cost requirements of Disposal Projects have been so high that the Company considers it is not in the Company's best interests to continue operating the Disposal Projects.

For further information with respect to the Company's assets, please refer to the Company's ASX platform (ASX:AXP), including the Company's quarterly activities reports released to ASX on 31 October 2023 and 31 July 2023, and the Company's last annual report released to ASX on 29 September 2023.

The Company notes that the cash consideration of US $4 million to be received for the Disposal is a significant premium to the purchase price the Company paid for the Disposal Projects in 2021 (US $2.425 Million). As such the Company considers the Disposal as an attractive opportunity for the Company to receive a compelling sale price for the Disposal Projects.

The Company notes that the US east coast gas market, where gas from the Disposal Projects flow, is a complex market involving significant gas processing cost in order to market the gas into this market. As such the Disposal Projects have incurred substantial operating costs, which have lead to the Company considering their disposal.

The Company notes that it has recompleted 2 wells in the Illinois Basin, 3 wells in the Appalachian Basin and brought 32 wells online in the KayJay field (all part of the Disposal Projects) as well as substantial dealings with our midstream gas processing partner in an attempt to improve the financial viability of the Disposal Projects.

However, despite this work, the Disposal Projects are not profitable at current gas prices without the Company having control of the midstream. The Company does not foresee gas prices rising to a level where the Disposal Projects are profitable in the short term and does not have any viable options to take control of the midstream operations.

The Company notes that the following disclosure was included in the Company's latest quarterly report (released on 31 July 2023) the following at section 8.8.3:

> "should the depression in gas prices remain, or as circumstances dictate, the Company may consider an asset sale or raising capital (or both)."

As such the Company considers that the market has been aware that the Company may consider an asset sale such as the Disposal.

The decision to sell the Project was thoroughly considered by the Board and the basis for the decision is explained further in Section 1.3 of the Notice.

The Company confirms that it is not aware of any new information or data other than as set out in this Notice that materially affects the information included in its previous announcement with respect to the Project and its assets.

1.3 Advantages

The Directors consider that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) the Company notes that the cash consideration of US$4 million to be received for the Disposal is a significant premium to the purchase price the Company paid for the Disposal Projects in 2021 (US$2.425 Million). As such the Company considers the Disposal as an attractive opportunity for the Company to receive a compelling sale price for the Disposal Projects;

(b) the Disposal maximises the available cash position of the Company, which can then be used on the Colorado project and suitable investment opportunities after completion of the Disposal; and

(c) the sale of Disposal Projects will also alleviate the Company of the significant costs associated with the Disposal Projects, thus resulting in a significantly higher effective cash reserves when compared to an alternative strategy.

1.4 Disadvantages

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

(a) the consequence of the Disposal is that the Company will sell its main producing asset being the Disposal Projects, which may not be consistent with the investment objectives of all Shareholders;

(b) notwithstanding the unanimous recommendation by the Board that, in the absence of a superior proposal, the Disposal is in the best interests of Shareholders, you may believe that the Disposal is not in your best interests or believe that the consideration for the Disposal is inadequate; and

(c) there is a risk that the Company may not be able to locate and acquire suitable investment opportunities after completion of the Disposal.

1.5 Risk factors associated with Shareholders not approving Resolution 1

If Resolution 1 is not approved by Shareholders, it is likely that the Asset Sale Agreement will terminate and those benefits of the Disposal of the Project, as described in Section 1.3 above, will not eventuate.

As discussed in this Notice, in circumstances where Shareholders do not approve Resolution 1, the financial implications for the Company will be material and the Company will continue to incur costs associated with the Disposal Projects.

1.6 Risk Factors associated with Shareholders approving Resolution 1

The key risk factors of the Disposal are:

(a) **Completion and re-compliance risk**

The Disposal constitutes a sale of the Company's main undertaking. Following completion of the Disposal, it may be necessary for the Company to satisfy ASX that it has sufficient operations to continue quotation of its securities or, if not, re-comply with the Listing Rules. The Company may be suspended six months after the date of the announcement of the Disposal if ASX is not satisfied that it has sufficient operations to continue quotation of its securities or, if required, whilst it undertakes a re-compliance.

There is a risk that the conditions for settlement of the Disposal cannot be fulfilled. If the Disposal is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) Additional requirements for capital

The Company may require additional funding together with the Company's existing cash reserves to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

(c) New projects and acquisitions

Upon completion of the Disposal, the Company will actively pursue and assess other new business opportunities in the oil and gas sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm-ins, acquisition of licences/permits, and/or direct equity participation. The acquisition of projects (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence or prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies advanced may not be recoverable, which may have a material adverse effect on the Company. If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to new projects, which may result in the Company raising additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new project/business activities will remain.

1.7 MOUNTAIN V OIL & GAS, INC.

Mountain V Oil & Gas, Inc. is a privately held US oil and gas exploration and production company operating in the Appalachian Basin since 1994. Since inception, Mountain V has operated in three US states, acquired and divested over 2,000 wells, and drilled almost 600 wells.

Currently headquartered in Buckhannon, West Virginia, Mountain V continues to operate assets in Pennsylvania and West Virginia. At present, Mountain V collectively owns and/or operates approximately 409,000 held-by-production acres (including farmins). Producing mainly from the Upper Devonian, Oriskany, and Marcellus formations, Mountain V's production tops 25 MMcfe/d from 1,807 owned and/or operated wells located in western Pennsylvania and throughout West Virginia.

The 360+ miles of Mountain V operated gathering and pipeline systems helps transport a significant portion of the Company's gas to market. Mountain V is able to efficiently and economically maintain its properties by utilizing its own oilfield services including service and swab rigs, water trucks, roustabout services, and other oilfield equipment.

Other than the contractual relationship with Mountain V, neither the Company nor any of its Directors, have a business or personal relationship with Mountain V or any of its affiliates. Additionally, as far as the Company is aware, Mountain V holds no equity interest in the Company.

1.8 Financial effect of the Disposal

In consideration for the sale of the Disposal Projects, the Company will receive US $4 million to be paid as follows:

(a) Upon execution of the binding letter agreement – Prepayment of Five Hundred Thousand Dollars (US $500,000);

(b) Upon execution of a full form purchase and sale – Prepayment of Five Hundred Thousand Dollars (US $500,000);

(c) Upon approval of the transaction by a vote of AXP shareholders – Prepayment of One Million Dollars (US $1,000,000); and

(d) At closing – remaining Two Million Dollars (US $2,000,000) subject to Closing Adjustments (which will be defined in definitive Purchase and Sale Agreement), AXP will also receive at closing - Eight Hundred Seventy-Six Thousand Four Hundred Forty-Seven Dollars and fifty-seven cents (US$876,447.57) for oil in the tanks as at the effective date of the Sale of the Disposal Projects,

(together, the **Consideration**).

The impact of the Disposal on the Company is set out in the pro forma balance sheet contained in Schedule 2.

The proceeds received from the Disposal will be applied to its Colorado project and additional acquisitions in the oil and gas sector that will be complimentary to the current operations and focus.

1.9 The Company's intentions on completion of the Disposal

Post completion of the Proposed Transaction the Company will remain an oil and gas company with a focus on:

(a) its Colorado project; and

(b) additional acquisitions in the oil and gas sector that will be complimentary to the current operations and focus.

The consideration received from the Proposed Transaction will be used to fund the above.

Specifically, the Company notes that following completion of the Proposed Transaction, the Company will effectively be returning to the assets held by the Company prior to the acquisition of the Disposal Projects in 2021.

1.10 Listing Rule matters

The Company notes that Listing Rule 12.3 provides:

> *"If half or more of an entity's total assets is cash or in a form readily convertible into cash, ASX may suspend quotation of the entity's securities until it invests those assets or uses them in the entity's business. The entity must give holders of ordinary securities in writing details of the investment or use…"*

Notwithstanding Listing Rule 12.3, ASX will generally continue quotation of a listed entity's securities for six months from the date of the agreement to complete the Disposal. Following completion of the Disposal, it may be necessary for the Company to satisfy ASX that it has sufficient operations to continue quotation of its securities or, if not, re-comply with the Listing Rules.

The Company may be suspended six months after the date of the agreement to complete the Disposal if ASX is not satisfied that it has sufficient operations to continue quotation of its securities or, if required, whilst it undertakes a re-compliance.

1.11 Group structure

Upon completion of the Disposal, the corporate structure of the Company will not change.

1.12 Proposed changes to the Company's board and management

There will be no changes to the Company's Board or management as a result of the Disposal.

1.13 Effect on capital structure

The Disposal will have no effect on the capital structure of the Company.

1.14 Indicative timetable

Subject to the Listing Rules and Corporations Act requirements, the Company anticipates completion of the Disposal will be in accordance with the following timetable:

Event	Date*
ASX announcement of Disposal	29 September 2023
Notice of Meeting for the Disposal sent to Shareholders	5 January 2024
Shareholder Meeting to approve the Disposal	6 February 2024
Closing of Asset Sale Agreement	8 February 2024

*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required

1.15 Recommendation from the Board

None of the Directors have a material interest in the outcome of Resolution 1, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

The Directors unanimously recommend Shareholders vote **IN FAVOUR OF** Resolution 1 in the absence of a superior proposal.

The Directors' reasons are as follows, consistent with the advantages of the transaction:

(a) the Company notes that the cash consideration of US$4 million to be received for the Disposal is a significant premium to the purchase price the Company paid for the Disposal Projects in 2021 (US$2.425 Million). As such the Company considers the Disposal as an attractive opportunity for the Company to receive a compelling sale price for the Disposal Projects;

(b) the Disposal maximises the available cash position of the Company, which can then be used on the Colorado project and suitable investment opportunities after completion of the Disposal; and

(c) the sale of Disposal Projects will also alleviate the Company of the significant costs associated with the Disposal Projects, thus resulting in a significantly higher effective cash reserves when compared to an alternative strategy.

Notwithstanding the recommendation of your Directors, the ultimate decision whether to sell the Disposal Projects is one for Shareholders to make based on the information set out in this Notice.

2. RESOLUTION 1 – DISPOSAL OF MAIN UNDERTAKING

2.1 General

This Notice of Meeting has been prepared to seek Shareholder approval for the matters required to complete the Disposal for the purposes of ASX Listing Rule 11.2. The ASX takes no responsibility for the contents of the Notice.

2.2 Listing Rule 11.2

Subject to Resolution 1 passing, the Company is proposing to proceed with the Disposal.

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Disposal is a disposal of the Company's main undertaking for these purposes.

Resolution 1 seeks the required Shareholder approval to the Disposal on the terms of the Asset Sale Agreement under, and for the purposes of, ASX Listing Rule 11.2.

If Resolution 1 is passed, the Company will be able to proceed with the Disposal, resulting in the Company being in a position to progress its Colorado project and assess additional acquisitions in the oil and gas sector that will be complimentary to the current operations and focus.

If Resolution 1 is not passed, the Company will not be able to proceed with the Disposal which may result in the Company being unable to address the capital requirements of the Company going forward and may result in the Company being unable to sustain the costs of the Disposal Projects.

All items required to be disclosed to Shareholders to obtain approval under ASX Listing Rule 11.2 are set out in this Notice. The Directors are not aware of any other commercial information that is material to the question of whether Shareholders should approve the Resolution.

The Buyer is not a related party of the Company, and Shareholder approval for the Disposal is not required for the purposes of ASX Listing Rule 10.1.

2.3 Listing Rule 10.1

The Company confirms that:

(a) none of the shareholders, directors or officers of the Buyer are parties to whom Listing Rule 10.1 applies; and

(b) the Disposal has been negotiated on an arms' length basis.

2.4 Directors' interests and recommendations

None of the Directors have a material interest in the outcome of Resolution 1, other than as a result of their interest, if any, arising solely in their capacity as Shareholders.

The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Shares	Performance Rights	Options	Percentage (%)
Simon Johnson	Nil	-	-	-
Samuel Jarvis	187,806,855	-	-	3.22%
Stuart Middleton	31,808,507	-	-	0.55%

The Directors have approved the proposal to put Resolution 1 to Shareholders.

Having regard to the advantages and disadvantages of the Disposal above, each Director intends to vote all of their Shares in favour of Resolution 1.

Based on the information available, the Directors consider that the proposed Disposal is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 1 in the absence of a superior proposal.

2.5 Other Material Information

There is no information material to the making of a decision by a Shareholder in the Company whether or not to approve Resolution 1 (being information that is known to any of the Directors, and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement and the Schedules.

GLOSSARY

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means AXP Energy Limited (ACN 114 198 471).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Disposal means the Company's sale of the Disposal Projects.

Disposal Projects means the Illinois & Appalachian Basins projects.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Asset Sale Agreement has the meaning given in Section 1.3.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – MATERIAL TERMS OF THE ASSET SALE AGREEMENT

The material terms of the Asset Sale Agreement are as follows:

Project	Illinois & Appalachian Basins Projects
Name of Agreement	Asset Sale Agreement
Parties	(a) Mountain V Oil & Gas, Inc. (**Buyer**); (b) AXP Energy Ltd (**AXP Ltd**); (c) AXP Energy, Inc (**AXP Inc**); (together, the **Parties**).
Date of Agreement	19 December 2023
Summary of the Agreement	(a) AXP Inc is a 100% owned subsidiary of AXP Ltd and holds the Illinois & Appalachian Basins Projects, which comprises the Disposal Projects. (b) The Buyer has agreed to acquire the Disposal Projects (**Disposal**).
Consideration	In consideration for the Disposal, the Buyer has agreed to pay AXP Inc USD $4,000,000, comprising: (a) Upon execution of the binding letter agreement – Prepayment of Five Hundred Thousand Dollars (US $500,000); (b) Upon execution of a full form purchase and sale agreement – Prepayment of Five Hundred Thousand Dollars (US $500,000); (c) Upon approval of the transaction by a vote of AXP shareholders – Prepayment of One Million Dollars (US $1,000,000); and (d) At closing – Two Million Dollars (US $2,000,000) subject to closing adjustments; AXP will also receive at closing - Eight Hundred Seventy-Six Thousand Four Hundred Forty-Seven Dollars and fifty-seven cents (US $876,447.57) for oil in the tanks as at the Effective Date.
Conditions Precedent	The Disposal is conditional upon AXP Ltd receiving all necessary shareholder approvals required to lawfully complete the Disposal as required by the ASX Listing Rules by 31 January 2024 (with the parties agreeing to a 14 day extension to this period if required) (the **Condition**).
Consideration Repayment	If the Disposal doesn't complete the prepaid consideration paid by Mountain V will become repayable by AXP Inc in full.
Effective Date	The effective date will be 1 October 2023.
Governing Law	The Disposal shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Kentucky.

SCHEDULE 2 – PRO FORMA BALANCE SHEET

Balance Sheet	30 June 2023 $	Disposal Adjustments $	Adjusted 30 June 2023 $
Current Assets			
Cash and cash equivalents	521,788	2,389,582	2,911,370
Trade and other receivables	2,312,853	-	2,312,853
Oil in tank inventory	344,961	(337,280)	7,681
Other assets - current	743,875	(120,840)	623,035
Total Current Assets	**3,923,477**	**1,931,462**	**5,854,939**
Non-Current Assets			
Property, plant and equipment	888,651	(418,231)	470,420
Development and producing assets	9,155,067	(7,778,843)	1,376,224
Exploration and evaluation assets	3,889,701	-	3,889,701
Right of use assets	1,022,867	(955,918)	66,949
Deferred tax asset	670,355	-	670,355
Other assets - non-current	561,060	(561,060)	-
Total Non-Current Assets	**16,187,701**	**(9,714,052)**	**6,473,649**
Total Assets	**20,111,187**	**(7,782,590)**	**12,328,588**
Current Liabilities			
Trade and other payables	4,280,580	(2,125,692)	2,154,888
Lease liability - current	411,201	(337,345)	73,856
Asset retirement obligation - current	274,875	(274,875)	-
Financial liabilities - current	191,831	(80,206)	111,625
Deferred revenue - current	-	-	-
Total Current Liabilities	**5,158,487**	**(2,818,118)**	**2,340,369**
Non-Current Liabilities			
Other long-term liabilities	4,454	-	4,454
Financial liabilities - non-current	670,536	(317,331)	353,205
Lease Liability - non-current	647,410	(647,410)	-
Asset retirement obligation - non-current	3,109,601	(2,037,038)	1,072,563
Total Non-Current Liabilities	**4,432,001**	**(3,001,779)**	**1,430,222**
Total Liabilities	**9,590,488**	**(5,819,897)**	**3,770,591**
Net Assets	**10,520,690**	**(1,962,693)**	**8,557,997**
Equity			
Issued capital	90,431,638	-	90,431,638
Reserves	196,199	-	196,199
Accumulated losses	(80,107,147)	(1,962,693)	(82,069,840)
Total Equity	**10,520,690**	**(1,962,693)**	**8,557,997**