



January 10, 2017

Record Production Achieved

Dear Shareholder,

Axiom (the "Company") has continued its strong operational and financial performance since the closing of its first asset acquisition on July 15, 2016, at which time the acquired field was producing just 210 boepd.

Having performed the majority of our field optimization and workover program on these new assets, the Company has exceeded its internal production target of 500 boepd. Estimated field production in the first 7 days in January 2017 was approximately 626 boepd (568 net and 32% liquids). The estimated field production for December 2016 was approximately 475 boepd (429 net and 42% liquids). The most recent production increase was due to 3 workovers and restarts that occurred in December. While this production level from current producers is anticipated to experience natural declines, the Company does have existing financial resources and plans to perform a number of additional well workovers in the near term to help offset these production declines. One of the planned restarts will be from an Alberta crown land sale acquisition in October. The land parcel had a shut in oil well bordering Axiom property that last produced 15 boepd (60% oil). What makes Axiom's production growth to date so remarkable and economical is that it was done using only a service rig, and not a costly drilling program.

While Axiom continues to create value with its private structure, and builds towards a go public event, it believes it can achieve a better result for an initial public offering by exercising patience for the right opportunity and market conditions. Axiom's current focus is on acquisitions for additional production growth, preferably near our core area of Manola. The Company continues to actively pursue numerous opportunities and have a couple of outstanding offers placed with sellers. Potential financing and structure will be dependent upon several factors including the nature of the deal (production, farm in, land), market conditions, and size.

Axiom's unaudited 2016 third quarter financials are available upon request to Canaccord Genuity (403-508-3893) or Axiom (403-269-0438 or info@axiomoilandgas.ca). As at September 30, 2016 the Company had cash of \$902,219 and no debt. The Company is of the opinion that it has sufficient financial resources to execute its operational business plans using existing producing and shut in wellbores. While Axiom sees material additional exploitation potential such as drilling and pressure maintenance at Manola in periods of better energy prices, additional capital will be required.

The Company will continue to provide updates on its website (www.axiomoilandgas.ca) on a regular basis and as material events happen. Please do not hesitate to contact me should you have any concerns or questions.

Regards,

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Sales oil being loaded at Axiom Battery:



Axiom Operator (Wade) taking gas sample for analysis:



Orifice plate and chart change for gas well volume measurement (Evan):



Advisories:

Barrels of Oil Equivalent

In certain cases, Axiom presents production data with reference to barrels of oil equivalent (boe) using a 6:1 conversion ratio when converting thousands of cubic feet of natural gas to barrels of oil and a 1:1 conversion ratio for natural gas liquids. Any figure presented in boe or boe/d may be misleading, particularly if used in isolation. An oil equivalent conversion ratio of 6 mcf : 1 bbl is based on energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Forward-looking Information

This update contains certain “forward-looking information” within the meaning of applicable securities laws and other information based on Axiom’s current expectations, estimates, projections and assumptions. The use of the words “will”, “plan”, “anticipate”, “continue”, derivations of these words and similar expressions are intended to identify forward-looking information.

Forward-looking information may relate to the Company’s future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes, and objectives of or involving Axiom. In particular, forward-looking information in this update includes statements and information respecting, among other things: anticipated decline rates for producing assets; plans respecting additional well workovers, the expected impact thereof and the financial resources required and available for such workovers; planned restarts; that we will continue to build towards a “go public” event and our belief and plans respecting how we will obtain the best result for shareholders; the sufficiency of Axiom’s financial resources and its ability to execute its operational and business plans; requirements for the completion of additional operations; and our requirement for additional capital.

Our forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate. The material factors and assumptions used to develop the forward-looking information in this update include, among other things: the accuracy of testing and production results, including the accuracy of historical production results documented by third parties; pricing and costs; production sales; continued production rates; production interruptions; rig availability and costs; future industry, operational and regulatory conditions; reservoir conditions; that the Company will continue to operate in a manner consistent with past practice and experience; tax rates; and that the Company will continue to maintain its current business strategy. While the Company considers each of the foregoing assumptions to be reasonable, they may prove to be incorrect.

Forward-looking information is not a guarantee of future performance or events and involves a number of factors, risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Axiom. Actual events, experiences and results may differ materially from those expressed, expected or implied by our forward-looking information and readers are strongly cautioned not to place undue reliance on such forward-looking information.

The material risks and uncertainties that may impact our Company and the forward-looking information provided in this update include but are not limited to: fluctuations in natural gas, condensate, NGL’s, and crude oil production levels; our ability to successfully market our natural gas, condensate, NGL’s, and crude oil; fluctuations in market prices for natural gas, condensate, NGL’s, and crude oil; adverse changes in foreign currency exchange rates and/or interest rates; uncertainties relating to counter-party credit risk and the ability and intentions of counter-parties with respect to their contractual obligations; incorrect assessments in the value of acquisitions and exploration and development programs and failure to realize the anticipated benefits of acquisitions; competition for production sales, capital, asset acquisitions, undeveloped lands, and skilled personnel; operational hazards characteristic of the oil and gas industry such as: geological, drilling and processing problems, fires, blow-outs, equipment failures and mechanical difficulties; lower than envisaged success in the finding and development of reserves and/or higher than expected costs; unexpected formations or pressures, uncontrollable flows and premature declines of reservoirs; adverse changes in general economic and industry conditions in Western Canada, Canada more generally, North America or globally; adverse weather conditions, which could disrupt output from producing assets or impact drilling programs resulting in increased costs and/or delays; the inability to obtain necessary financing on favorable terms, or at all; adverse impacts of actions taken and/or policies established by governments or regulatory authorities or changes in laws and regulations or how they are interpreted or enforced, including with respect to taxes and tax laws, incentive programs, royalty rates and calculations, and environmental laws and regulations; and our reliance on oil, natural gas and NGL processing, pipeline, and storage infrastructure not operated by Axiom, the availability of which is essential to Axiom’s sales and marketing activities.

All forward-looking information contained in this update is made as of the date hereof, and the Company does not undertake or accept any obligation or undertaking to update publicly or to revise any of the forward-looking information provided, as a result of new information, future events or otherwise, except as may be required by applicable securities laws.