



ADX ENERGY LTD
ACN 009 058 646

OPTIONS OFFER PROSPECTUS

For an offer of 250,000,473 Options exercisable at \$0.008 each expiring at 5:00 pm (WST) on 15 June 2021 on the basis of one (1) free-attaching Option for every two (2) Shares subscribed for by Eligible Shareholders under the Share Purchase Plan (**Option Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Options being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options offered by this Prospectus should be considered as speculative.

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1. CORPORATE DIRECTORY

Directors

Ian Tchacos
Executive Chairman

Paul Fink
Chief Executive Officer

Andrew Childs
Non-Executive Director

Edouard Etienvre
Non-Executive Director

Joint Company Secretaries

Amanda Sparks
Peter Ironside

Share Registry

Computershare Investor Services Pty Ltd
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PERTH WA 6000

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Lawyers

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Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditors*

Rothsay Auditing
Level 1, Lincoln Building
4 Ventnor Avenue
WEST PERTH WA 6005

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. They have been included for information purposes only.

2. IMPORTANT NOTES

This Prospectus is dated 4 February 2021 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

No Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Options the subject of this Prospectus should be considered highly speculative.

Important – as an Eligible Shareholder, if you wish to accept your Entitlement to Options, you do not need to take any action.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.1 Risk factors

Potential investors should be aware that subscribing for Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

2.2 Website

A copy of this Prospectus can be downloaded from the website of the Company at www.adxenergy.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and

any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.3 Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

3. INDICATIVE TIMETABLE*

Lodgement of Prospectus with the ASIC and ASX	4 February 2021
Opening Date	4 February 2021
Closing Date*	10 February 2021
General Meeting*	19 February 2021
Issue of Options*	19 February 2021

* The Directors reserve the right to bring forward or extend the Closing Date of the Option Offer at any time after the Opening Date of the Option Offer without notice.

4. DETAILS OF THE OPTION OFFER

4.1 Background to the Option Offer

The Company announced on 15 December 2020 its intention to undertake a capital raising to raise up to \$2.3 million (**Capital Raising**) through:

- (a) a placement of 221,250,004 Shares at an issue price of \$0.006 per Share to sophisticated and professional investors, together with one (1) free-attaching Option for every two (2) shares subscribed for, exercisable at \$0.008 on or before 15 June 2021 (**Option**), to raise approximately \$1.3 million (**Placement**); and
- (b) a share purchase plan to raise up to \$1 million by the issue of 166,666,667 Shares (**Share Purchase Plan or Plan**), which included an entitlement to one (1) free-attaching Option for every two (2) Shares subscribed for by applicants under the Plan.

The Company subsequently announced the issue of the Shares and Options under the Placement on 18 December 2020.

As announced on 3 February 2021, in accordance with the terms of the Share Purchase Plan, the Directors resolved to upscale the amount to be raised under the Share Purchase Plan from \$1 million to \$3 million, meaning that:

- (a) the total number of Shares to be issued under the Plan increased from 166,666,667 to 500,000,951; and
- (b) the total number of Options to be issued as free attaching to the Plan Shares increased from 83,333,334 to 250,000,473.

Funds raised under the Capital Raising will be applied toward the Company's key projects in Austria and for working capital purposes.

The purpose of this Prospectus is to make an offer of Options to the Shareholders who subscribed for and were issued Shares under the Share Purchase Plan (**Eligible Shareholder**).

4.2 Shareholder approval

The issue of the Options under this Prospectus is subject to and conditional upon Shareholders approving the issue of Options at the General Meeting for the purposes of ASX Listing Rule 7.1 (Shareholders other than Directors who have subscribed for and been issued Shares under the Plan) and ASX Listing 10.11 (Directors who have subscribed for and been issued Shares under the Plan).

In the event Shareholder approval is not obtained, no Options will be issued pursuant to the Options Offer. The Company expects that the General Meeting will be held on 19 February 2021.

4.3 Option Offer and Entitlement

The Options Offer is an offer to Eligible Shareholders of one (1) Option exercisable at \$0.008 on or before 15 June 2021 for every two (2) Shares subscribed for and issued to those Eligible Shareholders under the Share Purchase Plan.

Eligible Shareholders will be deemed to have accepted their respective Entitlement if the Company does not receive notice to the contrary prior to the

Closing Date in response to an Entitlement Form accompanying this Prospectus. Accordingly, an Eligible Shareholders does not need to do anything to accept the Option Offer applicable to them.

Fractional Entitlements will be rounded down to the nearest whole number.

250,000,473 Options will be issued under the Option Offer, subject to rounding.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.1 of this Prospectus. All of the Shares issued upon the future exercise of the Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.2 for further information regarding the rights and liabilities attaching to the Shares.

(a) What is my Entitlement under the Option Offer?

The number of Options an Eligible Shareholder will receive is set out on your personalised Entitlement Form accompanying this Prospectus.

No payment is required to take up your Entitlement.

Entitlements are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you will be unable to transfer your Entitlement to another party.

If you choose to accept your Entitlement to Options under the Option Offer, you must accept your Entitlement in full.

(b) How do I accept my Entitlement?

No subscription monies are payable for the Options offered pursuant to this Prospectus as the Options are being issued as an entitlement to Eligible Shareholder on the basis of one (1) Option for every two (2) Shares subscribed for and issued under the Share Purchase Plan.

Eligible Shareholders will be deemed to have accepted their respective Entitlement if the Company does not receive notice to the contrary prior to the Closing Date in response to an Entitlement Form accompanying this Prospectus. Accordingly, an Eligible Shareholder does not need to do anything to accept the Option Offer applicable to them.

If you choose not to accept your Entitlement under the Offer then your Entitlement will lapse at the Closing Date.

(c) Why should you accept the Option Offer for your Options?

The Options, if applied for, will be issued for nil consideration. There are no brokerage fees or other costs payable by Eligible Shareholder to acquire Options. It is noted that in order to be entitled to these Options, Eligible Shareholders paid \$0.006 for each Share subscribed for in the Share Purchase Plan.

There is no obligation to apply for or exercise any of the Options that you are entitled to. However, Eligible Shareholders should note that they will be deemed to have accepted their respective Entitlement if the Company does not receive notice to the contrary prior to the Closing Date in response to an Entitlement Form accompanying this Prospectus.

Eligible Shareholders should seek and rely on their own taxation advice regarding the exercise of Options as the taxation consequences will depend on the particular circumstances of the individual.

(d) **Offer Period: Opening and Closing Dates**

The Option Offer opens on 4 February 2021 and closes at 5:00pm (WST) on 10 February 2021, subject to any variation of the Closing Date by the Directors.

4.4 Director participation in Option Offer

In accordance with the terms of the Share Purchase Plan, Directors Ian Tchacos and Paul Fink each subscribed for and were issued 2,000,000 Shares (equivalent to \$12,000 worth of Shares). Shareholder approval for the issue of these Shares to Messrs Tchacos and Fink is not required as a result of ASX Listing Rule 10.12 (Exception 4).

The Options which free attach the Shares issued to the Directors under the Plan will be issued subject to Shareholder approval in terms of ASX Listing Rule 10.11 at the General Meeting.

Accordingly, subject to Shareholder approval, Messrs Tchacos and Fink will each have been issued 2,000,000 Shares and 1,000,000 Options.

Refer to Section 8.4 for further details in respect of the Director's security holdings.

4.5 Minimum Subscription

There is no minimum subscription.

4.6 Issue

The issue of the Options offered under the Option Offer is subject to and conditional upon Shareholders approving the issue of Options at the General Meeting for the purposes of ASX Listing Rule 7.1. In the event Shareholder approval is not obtained, no Options will be issued pursuant to the Options Offer. The Company expects that the General Meeting will be held on 19 February 2021.

The issue of the Options will take place as soon as practicable after Shareholder approval, and otherwise in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Holding statements for Options issued under the Option Offer will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

4.7 ASX Listing

The Options will not be quoted on ASX.

4.8 Overseas shareholders

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Options these Shareholders would be offered and the cost of

complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Option Offer is not being extended and Options will not be issued to Shareholders with a registered address which is outside Australia.

Eligible Shareholders resident outside of Australia are responsible for ensuring that taking up the Option Offer do not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

New Zealand

The Options are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.9 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in the Clearing House Electronic Sub-register System (**CHESS**). ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Securities can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

4.10 Enquiries

Any questions concerning the Option Offer should be directed to the Company Secretary, Amanda Sparks, on +61 8 9381 4266.

5. PURPOSE AND EFFECT OF THE OPTION OFFER

5.1 Purpose of the Option Offer

The purpose of the Option Offer is to incentivise Eligible Shareholders to participate in the Share Purchase Plan. No funds will be raised from the issue of the Options under the Options Offer and there will be no material impact on the Company's financial position.

The expenses of the Options Offer are estimated to be \$17,206.

5.2 Effect of the Option Offer

The principal effect of the Options Offer will be to increase the number of Options on issue from 320,139,294 as at the date of this Prospectus to 570,139,767 Options.

5.3 Effect on capital structure

The principal effect of the Option Offer on the capital structure of the Company, assuming all Options offered under the Prospectus are issued and no existing Options are exercised is set out below.

Shares

	Number
Shares on issue as at the date of this Prospectus	1,958,299,849
Shares to be issued under Share Purchase Plan	500,000,951
Total Shares on completion of the Option Offer	2,458,300,800

Options

	Number
Options currently on issue:	
Unlisted Options, Expiry 15/06/21 at 0.8 cents	124,358,338
Unlisted Options, Expiry 26/06/21 at 1.3 cents	5,000,000
Unlisted Options, Expiry 26/11/21 at 1.8 cents	135,000,005
Unlisted Options, Expiry 31/05/22 at Nil cents	6,354,086
Unlisted Options, Expiry 31/05/23 at Nil cents	10,864,955
Unlisted Options, Expiry 31/10/23 at Nil cents	3,954,545
Unlisted Options, Expiry 31/01/24 at Nil cents	4,106,250
Unlisted Options, Expiry 26/06/24 at Nil cents	12,578,571
Unlisted Options, Expiry 31/07/24 at Nil cents	9,451,563
Unlisted Options, Expiry 31/10/24 at Nil cents	8,470,981
Options issued under Option Offer	250,000,473

	Number
Total Options on issue after completion of the Option Offer	570,139,767

5.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Jetosea Pty Ltd	250,682,728	12.8%

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.008 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 15 June 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company (or by such other manner as may be required by the Company) (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.2 Shares

The following is a summary of the more significant rights and liabilities attaching to Shares that may be issued pursuant to this Prospectus and subject to exercise of the Options. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meeting and notices**

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) **Issues of further Shares**

The Directors may, on behalf of the Company, issue, grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) **Variation of Rights**

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 Business Days after the

transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(g) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company).

(h) **Capitalisation of profits**

Subject to the Listing Rules and any rights or restrictions attaching to any class of shares, the Company may capitalise profits. Members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(i) **Winding-up**

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(j) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(k) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 General

The Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus or to exercise the Options once issued.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific

(a) Reliance on Key Personnel

The success of the Company in part will depend on the ability of the Directors, management team and other executive personnel (employed by the Company or its business partners) to develop the Company's project portfolio and enhance project value. Should one or more of the key personnel cease to be involved, for whatever reason, then the capability of the Company may be expected to be impaired pending a suitable replacement being identified and retained by the Company or its business partners.

(b) Contractual Risk

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party. In particular, in November 2020 the Company finalised concession agreements with the Austrian Mining Authority to secure exploration and appraisal licenses in the Molasse basin in Upper Austria (Licenses). The Licenses require the provision of a EUR 340,000 bank guarantee to cover federal exploration license fees and include an initial work program commitment of up to two wells for the first four year period. The concession agreements were signed on the 8th of January 2021 with an effective date of 1 January 2021 and the term of the Licenses consists of four periods of four years each subject to satisfaction of commitments. The ability of the Company to achieve its work program objectives under the concession agreements will depend on the Company's ability to gain access to funding to secure the guarantee and satisfy the drilling commitments. If ADX is unable to secure the necessary funding to satisfy its obligations it may adversely affect the Company or its projects.

In December 2020, the Company entered into a binding memorandum of understanding (MOU) for an Access and Tariff Agreement with RAG Exploration & Production GmbH (RAG E&P) providing the key principles and commercial terms and conditions for access to oil and gas processing, transportation and auxiliary facilities and infrastructure

(Infrastructure) owned and operated by RAG E&P in the Molasse basin in Upper Austria.

The ability of the Company to achieve its objectives will depend on the performance by each of the parties of their respective obligations under this agreement. If a party defaults in the performance of their obligations it may adversely affect the Company or its projects. In the event of dispute, there can be no guarantee that seeking enforcement or of compensation under such agreements will provide an efficient or satisfactory outcome.

ADX finalised the acquisition of the Zistersdorf and Gaiselberg oil and gas fields (Fields) in the Vienna basin from RAG E&P in December 2019. A number of contracts were entered into for the operation, administration and the sale of oil from the fields. Oil production is sold to the OMV refinery in Vienna under a long term sales contract. The sales contract provides the terms under which ADX sells its product on predetermined volumes and price. The ability of the Company to achieve to obtain sales revenues depends on the performance by each of the parties of their respective obligations under this agreement. While ADX has its own employees to operate its Austrian assets it has also entered into service agreements with RAG E&P to provide accounting, procurement and IT support on a cost-effective basis. Should RAG E&P cease to provide these services, for whatever reason, then the capability of the Company may be expected to be impaired pending the suitable replacement of services being identified and retained by the Company.

(c) **Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this capital raising. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, and scale back its exploration programs and surrender permits and licences, as the case may be.

(d) **Permit renewals and applications**

AUSTRIA

On 1 July 2019, the Company entered into binding agreements with RAG E&P for the acquisition of the Zistersdorf and Gaiselberg Oil and Gas Fields located onshore in the Vienna Basin (**Fields**). The transaction was completed on the 2nd of December 2019 following finalisation of the transfer application document of the mining license for the Fields which included transfers of interests and assets following the approval from the Bundesministerium für Nachhaltigkeit und Tourismus (**BMNT**) in Austria. Following the transaction completion ADX assumed responsibility for the Fields including abandonment liabilities for wells and facilities at the end of field life. The term of the production licenses is based on the economic life Fields. Field life will be determined remaining reserves, operating costs and hydrocarbon price.

The Company incorporated a UK special purpose vehicle (Terra Energy Limited) which is the holding Company for an Austrian Subsidiary (ADX VIE GmbH). ADX VIE GmbH is the local operating company in Austria, the owner and licensee for the Fields as well as the exploration license holder for recently secured licenses in upper Austria.

The Company also entered into agreements for Exploration Data and access arrangements from RAG Austria AG (**RAG**) in upper Austria (**RAG Exploration Data**). The RAG Exploration Data agreement includes exclusive access to 3D seismic, 2D seismic, drilling data and geological data (including 3650 km² of modern 3D seismic) over soon to be available exploration areas proximal to RAG's main production assets in upper Austria. ADX continues to utilise this data for its recently acquired licenses in Upper Austria and further potential exploration in the Molasse Basin.

ITALY

The Company holds one offshore exploration license offshore Italy, the d 363 C.R.-AX permit. The Company, via its wholly owned subsidiary Audax Energy Srl, holds a 100% interest in the d 363 C.R.-AX prospecting license which contains the potential Nilde Oil Re Development Project. The Company has made submissions to the Italian licensing authorities (UFFICIO NAZIONALE MINERARIO PER GLI IDROCARBURI E LE GEORISORSE (**UNMIG**)) in order to convert the area to an exploration license. The submissions relate to the Company's operating, technical and financial capability. If the prospecting license is ratified to an exploration license the Company will assume the commitment to purchase and reprocess 300 Km of 2D seismic and drill one exploration well within 5 years. Subject to the ratification of the license the Company intends to complete the purchase of 2D seismic and undertake seismic reprocessing. The Company also intends to make immediate applications to UNMIG to drill an appraisal well on the Nilde field in lieu of its exploration commitment and prepare an application for a development and production license. The Company requires ratification of the prospecting license to enable it to commence drilling activities and then subsequently the potential exploitation of the Nilde Oil Redevelopment project.

On 31 October 2018 the Company signed an agreement with SDP Services Limited (**SDP**) to farmout a 50% interest in the d 363 C.R.-AX Permit containing the Nilde Oil Redevelopment Project and the successfully tested Norma and Naila oil discoveries offshore Italy. SDP will fund the work program commitments of Audax Energy Srl (**Audax**) up to a maximum of Euro 20.82 million to earn a pro-rata interest of 50% upon completion of funding. The transaction is conditional upon the Italian licensing authorities ratifying the license. Upon ratification of the license SDP will receive 5% net profits royalty interest attributable to any future production from the Nilde Field. The Company will remain operator of the license.

On the 4 February 2019, the Italian parliament passed legislation to suspend exploration activities in permits that have been approved or are in the process of being approved for a period of up to 18 months to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities (Exploration Moratorium). The Exploration Moratorium has been further extended until the 4th quarter of 2021. Under the new legislation the Ministries of Economic Development and

Environment will review all areas in the Italian onshore and offshore territories to determine which are suitable for sustainable hydrocarbon prospecting, exploration and development activities. All areas will be assessed on the basis environment, social and economic suitability.

Offshore areas will be considered on the basis of the potential effects to the ecosystem, as well as impacts on sea routes, fishing and potential interference with the coastal communities. Areas considered suitable for exploration and prospecting activities will resume activities. If the plan is not enacted within two years exploration and prospecting activities will resume.

The Company anticipates that the d 363C.R.-AX permit offshore Sicily containing the Nilde oil field given its distance from shore (53 kilometres) and its location in a benign sea environment in terms of sea bottom carbonate banks and associated life forms and will be judged appropriate for E&P operations. In order to minimise risk, the Company requested a reduction in permit area by approximately 55%, to minimise perceived environmental impact. The reduced area, which has been accepted by the designated authority, retains the Nilde oil field, the Norma and Naila discoveries as well as the most prospective areas for future exploration. The Company may resume activities during the 4th 2021 if the Exploration Moratorium is lifted.

TUNISIA

The Company held a 100% operated interest in one offshore exploration license offshore Tunisia, the Kerkouane exploration permit. The Direction Générale de l'Energie, Directorate-General for Energy (**DGE**) which is a sub-department of the Tunisian Ministry of Energy, Mines and Renewable Energy is responsible to develop, coordinate and implement the national energy policy as well as generate energy action plans and energy management programs.

Exploration and production activities are governed under the Tunisian hydrocarbon legislation. The key elements of the legislation include the framework for production sharing contracts. The Minister in charge of hydrocarbons grants licences to the oil and gas companies. Two types of contracts are awarded in Tunisia; production sharing contracts (**PSC**) and joint venture contracts. The exploration for hydrocarbons may be undertaken by virtue of a prospecting authorisation, a prospecting permit and/or an exploration permit. The Company's Kerkouane permit is governed by a PSC.

The state-owned oil company L'Entreprise Tunisienne d'Activités Pétrolières (**ETAP**) is responsible for the management of oil and gas exploration and production activities on behalf of the state. ETAP participates in exploitation concessions at a rate which it decides on its own, within the limits of the maximum rate agreed upon in the Special Convention. ETAP is the de facto license holder, whereas the Company through its wholly owned subsidiary Alpine Oil & Gas Pty Ltd is the contractor under the PSC terms and definitions.

In addition to regulatory risk, companies operating in Tunisia are exposed to political risk as demonstrated during the Arab Spring. More recently a number of terrorist attacks have demonstrated the ongoing security risk in Tunisia.

Kerkouane Permit, Offshore Tunisia

The Company, via its previous wholly owned subsidiary Alpine Oil & Gas Pty Ltd (**AOG**), held a 100% interest and was the contractor of the Kerkouane exploration permit offshore Tunisia. The Kerkouane permit contained the Dougga gas condensate discovery.

Discussions between AOG, ETAP and the DGE were ongoing in relation to the potential extension of Kerkouane PSC which would provide the time required to appraise the Dougga discovery. Such a renewal was subject to the drilling and testing of the Dougga Sud well.

In April 2019, the Company on behalf of AOG, engaged with the then highly experienced Chairman of ETAP with the view to securing fiscal relaxation for the Dougga project. Early discussions focussed on a more collaborative between ADX and ETAP with view to attracting capital for the project were promising. Regrettably the resignation of the then Chairman of ETAP during the second quarter of 2019 resulted in the potential for further constructive discussions in relation to a potential fiscal concession unlikely. As a result, ADX ability to securing a funding partner for Dougga was substantially curtailed.

Previously, in October 2017, ADX on behalf of AOG secured an option to utilise the Noble Services International Limited (**Noble**) Globetrotter II drilling rig to undertake the drilling and testing of the Dougga Sud – 1 appraisal well. The option expired in June 2019 due to the extension of previous drilling options by other oil and gas operators in the Black sea and the decision by Noble to demobilise the rig from the Mediterranean region to the Gulf of Mexico.

Given the water depth at Dougga of 330 metres it was unlikely that an alternate rig options would be available for the foreseeable future. That being the case AOG has advised ETAP in relation to deferment of work program obligations due to circumstances outside AOG's control. Furthermore, AOG informed the Designated Authority that the non availability of the drilling rig, owned by Noble, is a force majeure event. The designated Authority has in turn contested AOG's declaration of force majeure and was not prepared to enter into discussions on the matter with AOG local management.

As a result, ADX determined that AOG would be forced to forfeit the permit unless it contested the legal basis for forfeiture due to force majeure with the Designated Authority. Such a legal process was subject to cost and risk in jurisdiction where AOG was experiencing increasing difficulties in engagement with local Authorities. On that basis the Board of ADX took the necessary steps to cease operations, to close the local office in Tunis and deregister AOG after the payment of all outstanding liabilities in relation the Tunis office and local contractors.

The deregistration process for AOG was completed in December 2020.

Lambouka Well Abandonment and Inspection

The Lambouka 1 well was abandoned in a manner that ensured isolation of subsurface hydrocarbon bearing reservoirs to avoid the potential for leakage. The well was abandoned from a well safety, and integrity perspective fulfilling all Tunisian, UKOAAA and also Norwegian abandonment requirements. The surface casing on the well was not cut

down to the mud line to enable the potential future re-entry to the well. The Company believes that existence of casing above the mud line does not represent a maritime threat or a threat to fishing given the depth of approximately 700 meters. ETAP has requested the visual inspection of the well to confirm there is no gas leakage. This work was intended to be accomplished utilising a ROV (remote operated vehicle) deployed from a supply vessel during future well operations at an expected cost of between US\$ 50,000 to US\$ 100,000. Given the forfeiture of the permit and the wind up of AOG this potential liability is not considered likely.

ROMANIA

The Company is the operator and holds a 49.2% shareholding in Danube Petroleum Limited (**Danube**). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its' Romanian subsidiary, ADX Energy Panonia srl, holds a 100% interest in the Parta exploration license, (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare production license.

The National Agency for Mineral Resources (**NAMR**) is the regulatory authority in Romania managing petroleum resources on behalf of the state. Permitting and environmental regulations have historically been subject to change and, therefore, one cannot predict with certainty the future costs or other future impacts of licensing and environmental regulations on future operations.

Parta Permit, Onshore Romania

Danube holds a 100% interest and operates the EX 10 parta license (**Parta Permit**) exploration license onshore Romania. In December 2012, the Romanian government ratified the concession agreement for the Parta Permit. The committed work program for the Parta Permit was the acquisition of 160 km of 2D and 150 sqkm of 3D seismic as well as the drilling of two exploration wells. The Company has already acquired approximately 100 km of 2D Seismic and approximately 50 sqkm of 3D seismic. A 30 month extension of the exploration was signed with NAMR on 4 June 2015. The government ratified the extension application on 22 December 2016. As a result of the ratification the license validity was extended to 21 June 2019.

The Company submitted a request for a further extension to the license obligations. NAMR confirmed a further 2 year extension for the current license phase of the Parta Permit with minimal additions to the existing work program 100 km² of 3D seismic, 60km 2D seismic and 2 exploration wells as well as a further 200Km of seismic processing.

A heads of agreement for a farmin to the Parta Permit was agreed on 8 April 2019 with an Australian private company Parta Energy Pty Ltd - whereby Parta Energy will fund 1.5 million USD to acquire a 3D seismic program to earn a 50% interest in the license. The farmin became unconditional on 17 July 2019 following the achievement of all conditions precedent. Parta Energy, the Parta Farminee subsequently became a wholly owned subsidiary of ASX listed Tamaska Oil & Gas Limited (Tamaska),

Despite border closures and periods of Government department shut downs due to the COVID-19 Pandemic during the first half of 2020 ADX made good progress in preparations to acquire 3D seismic with in the

Parta exploration license. All key landowner and necessary authority permits had been obtained with the final environmental permit expected prior to mobilization of a seismic acquisition crew in September 2020.

On the 7th of September 2020 ADX received a notice from Parta Energy Pty Ltd that the board of Tamaska have decided not to proceed with the farmin transaction relating to the EX-10 Parta Exploration licence in Western Romania pursuant to the terms of the previously announced farmin agreement between ADX Energy Panonia Srl, Danube and Party Energy (Farmin Agreement).

ADX believes that the actions of Tamaska represent a default pursuant to the terms of the Farmin Agreement. Due to the actions of Tamaska, ADX has suspended the mobilisation of the 3D exploration seismic crew and has minimised ongoing financial exposure in relation to the 3D exploration seismic program operations with the seismic contractor.

ADX is considering appropriate legal recourse in relation to the default under the Farmin Agreement by Tamaska. At this stage the outcome of any legal action cannot be determined.

The delay in seismic acquisition affects ADX ability to meet the work program obligations for the permit and ADX ability to secure further extensions in the work program for the permit which in the worst case may lead to forfeiture of the license.

Ilecea Mare Production License, Onshore Romania

On 8 June 2018, ADX, through its partly owned subsidiary Danube Petroleum Limited and its 100% owned Romanian holding company ADX Energy Pannonia SRL (**ADX Panonia**), purchased 100% equity interest in the Ilecea Mare production license (**License**). The NAMR approval designated ADX Panonia as a production operator in Romania. In August 2019, ADX Panonia successfully drilled the Ilecea Mica-1 well, the permit obligations for the production license.

On 2 July 2020 ADX commenced production testing on the Ilecea Mica-1 well. The results of the test were not conclusive. Further operations included acidization of the well did not yield commercial flows. The well remains shut in while ADX determines whether further stimulation work is likely to be successful and re-evaluates likely reserves potential of accumulation intersected by the well. A number of technical options exist for the Ilecea Mica-1 well including but not limited to further testing, utilising the well to access deeper exploration potential or abandoning the well in the event the well is no longer likely to have a practical or commercial use. The abandonment of the well may constitute a future liability. A decision regarding the future of the well will be determined during the first half of 2021 and will require the agreement of the Romanian Authorities. Risks specific to Oil & Gas Production, Exploration and Development Companies

7.3 Risks specific to Oil & Gas Production, Exploration and Development Companies

(a) Operational Risks

The business of hydrocarbon exploration, project development and production, by its nature, contains elements of significant risk with no

guarantee of success. Ultimate and continuous success of these activities is dependent on, among other things:

- (i) the discovery or acquisition of economically recoverable reserves;
- (ii) access to adequate capital for project development;
- (iii) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (iv) securing and maintaining title to hydrocarbon interests;
- (v) obtaining consents and approvals necessary for the conduct of hydrocarbon exploration, development and production; and
- (vi) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and the establishment of production facilities. There is no assurance that any exploration on current or future interests will result in the discovery of an economic hydrocarbon project. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed. The operations of the Company and the operator of the assets in which it has or may have interests may be affected by various factors, including failure to achieve predicted volumes in exploration and drilling, operational and technical difficulties encountered in drilling, poor data acquisition, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment. The Company's assets are also susceptible to damage from natural disasters.

(b) **Exploration Success**

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The prospects held by the Company are at various stages of exploration, and potential investors should understand that exploration is a high-risk undertaking.

There can be no assurance that exploration of the Company's prospects, or any other prospects that may be acquired in the future, will result in the discovery of a commercial oil or gas reserve. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will flow at commercial rates.

The estimated exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be

realised in practice, which may materially and adversely affect the Company viability.

(c) **Development and Operating Risks**

If the Company achieves exploration success that leads to a decision to conduct feasibility work and then develop production operations, the development and ongoing production from such operations may be adversely affected by various factors, including failure to locate or identify hydrocarbon reserves; failure to achieve predicted well production flow rates; operational and technical difficulties encountered in production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reservoir problems which may affect field production performance; adverse weather conditions; industrial and environmental accidents; industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(d) **Production risks**

Current production from the Company's Fields and future production may vary materially from targets and projections of future production for a variety of reasons. In general terms, the less actual production information available for an asset the greater the likelihood that its performance will vary from estimates. Production risks associated with the marketability and commerciality of oil and gas to be acquired and produced by the Company of the assets in which it has or may have interests include but are not limited to reservoir characteristics, market fluctuations, the proximity and capacity of pipelines and processing equipment, the market price of oil and gas and relevant government regulations. Production decreases or stoppages may also result from fluctuations in permeability and flow rates, the presence of impurities in the extracted product, facility shut-downs, mechanical or technical failures and other unforeseeable events which are beyond the control of the Company.

(e) **Hydrocarbon Resources and Reserves & Commercial Hydrocarbon Flow**

The Company's hydrocarbon resources and reserves are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, estimates of hydrocarbon resources and reserves are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial hydrocarbon flow plans which may, in turn, adversely affect the Company's operations.

(f) **Commodity Price Volatility, Exchange Rate & Government Risks**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. In particular, changes in the current and expected future price of hydrocarbons and other commodities can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue

and profits that might be earned from any successful development of those assets.

Revenue derived through the sale of hydrocarbons exposes the income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors affecting their demand and supply beyond the control of the Company. Such factors include global industrial production levels and economic sentiment, inflation and interest rates, industrial disputes, wars and other military activity, technological advancements, forward selling activities, government environmental policies, infrastructure investment, weather conditions and general exploration success.

Furthermore, international prices of some commodities (e.g. crude oil) are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Euro and AUD currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, Euro and the Australian dollar as determined in international markets.

Changes in government, monetary policies, taxation and other laws and regulations can also have a significant influence on the outlook for projects and companies and the actual and potential returns to investors.

(g) **Community Risks**

Many countries in which the Company operates have community title / empowerment, or heritage legislation and / or regulations. These rules impose certain requirements on Oil and Gas companies who undertake or plan to undertake various exploration, development or drilling activities. The risks associated with the rules are generally associated with the imposition of various uncertainties as to timetables and costs. No assurance can be given that the Company will be able to explore or conduct drilling activities within acceptable timeframes or on terms acceptable to it.

(h) **Environmental Risks including Rehabilitation Risks**

The Company is subject to laws and regulations to minimise the environmental impact of its' operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and can change, further adversely affecting the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect ADX's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or, in the event of environmental damage, the penalties and remediation costs can be substantive. In the areas in which the Company holds oil and gas interests, there are rules and regulations governing conservation matters, including abandonment of drilled wells. The Company may require approval from relevant authorities before it can undertake activities that may impact the environment, including drilling wells. Failure to obtain such approvals may prevent the Company from achieving its business objectives.

It is the Company's intention to conduct its activities in compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

(i) **Conditions of Permits & Licences**

The Company has permits to produce, explore and implement the projects. There is a risk that the Company does not have or might lose any or all of those permits or licences required for the operation of the projects, or that the Company will not comply with the ongoing requirements imposed under those permits or licences. There is also a risk that the permits and licences required or the conditions imposed on the Company under them will change from time to time. The Company's ongoing compliance costs may increase as a result. Any of the above may adversely affect the Company's financial performance.

7.4 General Risks

(a) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Share Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(c) **Insurance**

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover considered to be appropriate for the Company's needs. However, such insurance cover may not always be available, economically justifiable, fully cover a particular claim or the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover. Additionally, while the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance

providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

7.5 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Options offered under this Prospectus.

Therefore, the Options to be issued pursuant to this Prospectus, if exercised in to Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Options.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Options pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, other than as set out below.

As announced on 8 September 2020, ADX advised that it received a notice from Parta Energy Pty Ltd (PE) (being a wholly owned subsidiary of ASX listed Tamaska Oil & Gas Limited (Tamaska)) that the board of Tamaska have decided not to proceed with the farmin transaction relating to the EX-10 Parta Exploration licence in Western Romania pursuant to the terms of the previously announced farmin agreement between ADX Energy Panonia Srl (ADX Panonia), Danube Petroleum Limited (Danube) and PE. (Farmin Agreement).

ADX holds a 49% shareholding in Danube. The remaining shareholding in Danube is held by Reabold Resources PLC. Danube via its 100% owned Romanian subsidiary, ADX Panonia, holds:

- (a) a 100% interest in the Ex-10 Parta Exploration license in Romania (including a 100% interest in the Parta Sole Risk Area); and
- (b) a 100% interest in the Iecsa Mare Production license in Romania (which hosts the IMIC-1 well).

The Farmin Agreement relates only to the Ex-10 Parta Exploration License, not the Iecsa Mare Production license which contains the IMIC-1 gas discovery well.

The Board of ADX were surprised and disappointed with this decision, particularly given that ADX had not, until early September 2020, had any correspondence or discussions with Tamaska that indicated in any manner whatsoever that Tamaska did not intend to proceed with the planned acquisition of 3D exploration seismic in accordance with PE's farmin obligations. On the contrary, there has had regular verbal and detailed written correspondence between the parties in relation to the upcoming work program obligations and payment of cash calls by Tamaska prior to mobilisation of seismic contractors (including correspondence through to late August 2020). These discussions between representatives of ADX and the Directors of Tamaska and PE have been consistent with Tamaska's ASX announcements regarding the farmin program, including Tamaska's latest announcement on 31 July 2020.

ADX received a letter from PE on 1 September 2020 stating that PE did not intend to pay an agreed cash call for funds payment under the Farmin Agreement relating to the 3D exploration seismic program and stating that PE "is under no obligation to proceed with the farmin and reserves its right not to proceed". Following this letter, ADX management had several discussions with representatives of Tamaska to try to understand Tamaska's unexplained change of position with a view to securing payment of the cash call. Failure of those discussions to reach a satisfactory conclusion culminated in a letter from ADX to PE and Tamaska Directors dated 3rd of September 2020 stating that PE was in default of its obligations under the Farmin Agreement and requested rectification of the default by Close of Business on 9 September 2020.

Based on the letters received on 1 September 2020 and on 7 September 2020, Tamaska have taken the view that their obligations under the Farmin Agreement are more akin to the rights of an option holder rather than a farminee and have decided not to proceed with the farmin.

ADX strongly rejects the legal basis upon which Tamaska has elected not to comply with the farmin transaction agreed in the Farmin Agreement and will reserve all of its rights. ADX is seeking legal advice in relation to Tamaska's letter and will advise Shareholders on the results of this advice in due course. PE's outstanding financial obligation under the Farmin Agreement is US\$1,300,000.

As a result of the letter from PE, ADX has had to put on hold the mobilisation of the 3D exploration seismic crew and has no ongoing financial exposure in relation to the 3D exploration seismic program operations with the seismic contractor. An update on the operational ramifications of the default under the Farmin Agreement by Tamaska and PE will be provided to Shareholders in due course.

8.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
- (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
3 Feb 2021	Addendum to Notice of Meeting with Proxy Form
3 Feb 2021	ADX Upsizes Strongly Oversubscribed Share Purchase Plan
29 Jan 2021	Quarterly Cashflow Report - December 2020
29 Jan 2021	Quarterly Activities Report - December 2020
21 Jan 2021	Change in Substantial Holding
20 Jan 2021	Strategic Agreement for Hydrogen Prefeasibility Studies
20 Jan 2021	Notice of General Meeting/Proxy Form
13 Jan 2021	Share Purchase Plan – How to Download Your Application Form
11 Jan 2021	ADX Signs Upper Austria E&P and Storage Concession Agreement
23 Dec 2020	Access and Tariff Agreement for Upper Austria Licences
18 Dec 2020	Appendix 2A – Issue of Shares – corrected
18 Dec 2020	Cleansing Notice
18 Dec 2020	Appendix 3G – Issue of Unlisted Options
16 Dec 2020	Share Purchase Plan – Offer Document
15 Dec 2020	Proposed Issue of Securities
15 Dec 2020	\$1.3 million Placement and \$1 million Share Purchase Plan
11 Dec 2020	Trading Halt
8 Dec 2020	Updated Investor Webinar Presentation with Retracted Page
2 Dec 2020	Investor Webinar - Upper Austria Exploration Licences

Date	Description of Announcement
30 Nov 2020	New Upper Austria Appraisal & Exploration License Agreements
23 Nov 2020	Agreement to Defer Loan Note Repayments
16 Nov 2020	Hedging Position Extended for Austrian Production in 2021
12 Nov 2020	Appendix 3Y - Change of Director's Interest - P Fink
11 Nov 2020	Change of Director's Interest - I Tchacos
9 Nov 2020	Resources Rising Stars Presentation
9 Nov 2020	Appendix 3Y - Change of Director's Interest - P Fink
9 Nov 2020	Appendix 3Y - Change of Director's Interest - E Etienvre
6 Nov 2020	Appendix 3Y - Change of Director's Interest - I Tchacos
6 Nov 2020	Cleansing Notice
6 Nov 2020	Appendix 2A - Exercise of Options and Issue of Shares
6 Nov 2020	Appendix 3G - Issue of Unlisted Options
5 Nov 2020	Austrian Fields Independent Reserves Review
30 Oct 2020	Quarterly Cashflow Report - September 2020
30 Oct 2020	Quarterly Activities Report - September 2020
14 Oct 2020	Listed Options Expiry
14 Sep 2020	Romania Well Flow Test Operations Update 7
11 Sep 2020	Half Year Financial Report June 2020
8 Sep 2020	Parta Exploration Farmin Update
4 Sep 2020	Romania Well Flow Test Operations Update 6
18 Aug 2020	Consultancy Services - Non-Executive Director
7 Aug 2020	Romania Well Flow Test Operations Update 5
5 Aug 2020	Austrian Government Finance Package Provided to ADX
31 Jul 2020	Quarterly Activities Report - June 2020
31 Jul 2020	Quarterly Cashflow Report - June 2020
30 Jul 2020	Anti-Bribery, Corruption and Fraud Policy
21 Jul 2020	Romania Well Flow Test Operations Update 4
17 Jul 2020	Investor Video Presentation
2 Jul 2020	Romania Well Flow Test Operations Update 3
29 Jun 2020	Hedging Position Adjusted for Austrian Production
29 Jun 2020	Appendix 3Y - Change of Director's Interest - I Tchacos
29 Jun 2020	Appendix 3Y - Change of Director's Interest - E Etienvre
29 Jun 2020	Appendix 3Y - Change of Director's Interest - P Fink
26 Jun 2020	Appendix 2A - Issue of Shares
26 Jun 2020	Appendix 3G - Issue of Unlisted Options

Date	Description of Announcement
26 Jun 2020	Proposed issue of Securities - ADX
26 Jun 2020	New Constitution
26 Jun 2020	Results of Meeting
26 Jun 2020	Romania Well Flow Test Operations Update 2
26 Jun 2020	Annual General Meeting Presentation
25 Jun 2020	Appendix 3Y - Change of Director's Interest - I Tchacos
18 Jun 2020	Romania Iecea Mica-1 Work Over Rig to Mobilise Tomorrow
25 May 2020	Notice of Annual General Meeting/Proxy Form
30 Apr 2020	Quarterly Activities Report - March 2020
30 Apr 2020	Quarterly Cashflow Report - March 2020
23 Apr 2020	Appendix 3Y - Change of Director's Interest - I Tchacos
23 Apr 2020	Appendix 2A - Exercise of Options
23 Apr 2020	Change in substantial holding
16 Apr 2020	Operational Update -Austrian Production & Romanian Appraisal
8 Apr 2020	Appendix 3Z - Final Director's Interest Notice - PHS
8 Apr 2020	Board Change - Resignation of Non-Executive Director

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.adxenergy.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent respective dates of those sales were:

Highest	\$0.0105	18 January 2021
Lowest	\$0.005	11 January 2021
Last	\$0.007	3 February 2021

8.4 Directors' and proposed Directors' Interests

Other than as set out in this Prospectus, no Director or proposed director holds or has held within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) property acquired or proposed to be acquired by the Company in connection with
 - (i) its formation or promotion or
 - (ii) the Options Offer; or
- (c) the Options Offer,

and no amounts have been paid or agreed to be and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify him as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Options Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	% Interest	Options
Ian Tchacos	60,095,625	3.07%	42,474,032
Paul Fink	70,802,209	3.62%	13,306,919
Andrew Childs	25,388,524	1.30%	-
Edouard Etienvre	1,435,290	0.07%	5,000,000

As detailed in Section 4.4, Directors Ian Tchacos and Paul Fink have subscribed for Shares under the Plan. Subject to Shareholder approval at the General Meeting, the extent of the Directors participation in the Plan will be as follows:

Director	Shares	Options
Ian Tchacos	2,000,000	1,000,000
Paul Fink	2,000,000	1,000,000
Andrew Childs	Nil	Nil
Edouard Etienvre	Nil	Nil

Remuneration of Directors

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The

maximum aggregate remuneration for non-executive Directors has been set at no more than \$250,000 per annum.

In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

The table below shows the total annual remuneration paid to both executive and non-executive directors and proposed directors in each of the past two financial years and the proposed remuneration for the current financial year.

Director	Financial year ended 31 December 2019	Financial year ended 31 December 2020	Proposed financial year ending 31 December 2021
Ian Tchacos	381,067	375,997	380,000
Paul Fink	376,000	390,942	380,000
Andrew Childs	33,000	33,000	33,000
Edouard Etienvre	-	106,275	120,000

Mr P Haydn-Slater resigned as a Director on 7 April 2020, and Mr R Brown resigned as a Director on 7 January 2020.

Included as accrued remuneration for the year ended 31 December 2020 is \$65,047 of Director fees and consulting fees for the quarter ended 31 December 2020 to be paid via Shares and Options. The Shares will be issued pursuant to the Company's Director Share Plan approved by Shareholders on 26 June 2020. The number of Shares to be issued is based on the quantum of Directors fees to be paid via equity and the VWAP of the Company's Shares for the quarter ended 31 December 2020.

The Options to be issued, as approved by Shareholders on 26 June 2020, are being issued in consideration of part consulting fees for the quarter ended 31 December 2020. The number of Options will be based on the VWAP of Shares for the quarter ended 31 December 2020.

A summary of Shares and Options to be issued for accrued Director remuneration for the quarter ended 31 December 2020 is as follows. These securities are expected to be issued in February 2021.

Director	Shares	Options at Zero Exercise Price, Expiring 31/01/2025
Ian Tchacos	208,333	7,250,000
Paul Fink	208,333	2,632,811
Andrew Childs	-	-
Edouard Etienvre	541,666	-

8.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held, within 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion or
 - (ii) the Options Offer; or
- (c) the Options Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company: or
- (b) the Options Offer.

Steinepreis Paganin has acted as solicitors to the Company in relation to the Options Offer. The Company estimates it will pay Steinepreis Paganin approximately \$10,000 (excluding GST and disbursements) for these services and other services relating to the Options Offer generally. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$55,000 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Computershare Investor Services Pty Ltd has given its written consent to being named as the share registrar to the Company in this Prospectus. Computershare Investor Services Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Estimated Expenses of Options Offer

The total expenses of the Options Offer are estimated to be approximately \$17,206 (excluding GST), and are expected to be applied towards the items set out in the table below:

Expenses of the Options Offer	\$
ASIC lodgement fee	3,206
Legal expenses	10,000
Share Registry	2,000
Printing, distribution and other expenses	2,000
Total	17,206

8.8 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement Form. If you have not, please phone the Company on +61 8 9381 4266 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.adxenergy.com.au.

The Company reserves the right not to accept an Entitlement Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.9 Privacy Act

If you have completed an Application Form, you will have provided personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate

distribution payments and corporate communications to you as a security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

9. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and Proposed Directors.

In accordance with section 720 of the Corporations Act, each Director has consented, and as at the date of this Prospectus has not withdrawn his consent, to the lodgement of this Prospectus with the ASIC.



Ian Tchacos
Executive Chair
For and on behalf of
ADX Energy Ltd

10. DEFINITIONS

\$ means Australian dollars.

Application means an application for Securities made on an Application Form.

Application Form means the application form completed by an Eligible Shareholders in respect of the Placement or Share Purchase Plan (as applicable).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the Listing Rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

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.

Closing Date means the closing date specified in Section 3 of this Prospectus (unless extended or closed earlier).

Company means ADX Energy Ltd ACN 009 058 646.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means an Eligible Applicant's entitlement to Options under the Option Offer.

Entitlement Form means the personalised entitlement and acceptance form either attached to or accompanying this Prospectus.

Eligible Shareholder is a person entitled to participate in the Option Offer as described in Section 4.1 of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date specified in Section 3 of this Prospectus.

Option means an option to acquire a Share.

Option Offer means the offer of Options the subject of this Prospectus.

Placement means the placement announced to ASX on 15 December 2020 and described in this Prospectus.

Prospectus means this prospectus.

Securities means Shares and Options.

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

Share Purchase Plan means the share purchase plan announced to ASX on 15 December 2020 and described in this Prospectus.

Shareholder means the holder of a Share.

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