ADX Energy Ltd (ASX:ADX)

ASX RELEASE

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ADX FURTHER ENHANCES ITS OIL PRICE HEDGING POSITION FOR VIENNA BASIN FIELD PRODUCTION

"Brent swap contract secured at USD 71.71 per barrel replacing expired contract at USD 44.34 per barrel"

Key Points:

- ADX has secured fixed price swaps at an average Brent crude oil price of USD 71.71 per barrel for the period from 1 July 2021 to 31 October 2021 for quantities equivalent to 40% of its Vienna Basin fields forecast proven (1P) crude oil production.
- ADX hedged position is now approximately 200 barrels per day consisting of two hedge contracts with an average hedged oil price of USD 68.87 per barrel compared to the previous average hedged oil price position of USD 43.05 per barrel consisting of two previous contemporaneous hedge contracts.
- The resulting 60% increase in averaged hedged oil price is expected to generate a substantial increase in gross revenue. The hedged oil price is a significant margin above the field operating cost per barrel for the Vienna Basin Fields of approximately USD 29 per barrel.
- The level of crude oil production now hedged compares to the current field oil equivalent field production of 320 barrels per day resulting in approximately on third of production remaining unhedged.
- ADX hedging strategy is to lock in the current strong revenues from the operations while retaining some exposure to any further upside in the Brent crude oil price.
- Expected increased net revenues will enable ADX to pursue further well work to enhance production and continue its program of on-going portfolio growth initiatives for oil and gas as well as compatible green energy production opportunities.
- The hedging counterparty for this transaction as well as the previous hedging is BP.

ADX Energy Ltd (ASX Code: **ADX**) is pleased to advise that it has executed hedging transactions with BP for fixed price swaps from 1 July 2021 to 30 October 2021 representing 40% of ADX proven (1P) production from its Gaiselberg and Zistersdorf fields in the Vienna Basin at an average Brent crude oil price of USD 71.71 per barrel. The new swap contract represents a 61% increase in Brent crude oil price from previous fixed price swap contracts of USD 44.34 per barrel which expired on the 30 June 2021.

The volume of oil production covered by the new fixed price swaps is 12,275 barrels during the period of hedging which equates to approximately 100 barrels of oil per day. The new hedge contracts are in addition to 100 barrels per day for an earlier fixed price swaps contract of USD 66.03 per barrel for the period from 1 July 2021 to 31 December 2021. The current Gaiselberg and Zistersdorf fields production is 320 barrels of oil equivalent per day.

The two hedge contracts provide an average hedged oil price of USD 68.87 per barrel compared to the previous hedged oil price position of USD 43.05 per barrel consisting of two contemporaneous contracts. In addition to the hedged position of 200 barrels of oil per day there is unhedged exposure to oil price for approximately 120 barrels of oil equivalent production based on current field rates.

Substantially improved trading conditions for crude oil now exist compared to the majority of 2020 which provides substantially increased net revenues from the Gaiselberg and Zistersdorf fields. Despite the improved trading conditions for crude oil pricing, a number of risks exist including the on-going impact of the COVID-19 pandemic, US monetary policy and OPEC policy regarding production targets. ADX believes it is prudent to lock in a significant proportion of its 2021 production at favourable oil pricing levels which deliver a significant margin above the field operating costs of approximately USD 29 per barrel.

The increased net revenues are expected to place ADX in a favourable position to fund production enhancing well work in the Gaiselberg and Zistersdorf fields and continue a program of on-going portfolio growth initiatives for oil and gas as well as compatible green energy production opportunities.

The combination of recent increases in field production, efficient operations as well as stable, long lived, low decline and high value oil production ensures that the Gaiselberg and Zistersdorf fields will continue to deliver strong cash flows.

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END OF THIS RELEASE - Authorised for lodgement by Ian Tchacos, Executive Chairman