ADX Energy Ltd (ASX:ADX)

ASX RELEASE

31 January 2022

Activities Report
For Quarter Ended 31 December 2021

HIGHLIGHTS FOR QUARTER INCLUDE

Production

Vienna Basin Fields – Austria

- ***Oil and Gas Production Rates*** reduced by 7% due to ongoing well down time *(averaging 254 BOEPD for the quarter)*
- ***Revenues from Operations*** increased by 9% *(A$ 2,333,317 for the quarter)*
- ***Brent Oil Price*** increased by 9% *(averaging USD 79.73 per barrel for the quarter)*
- ***Gas Price*** increased by 105% *(averaging EUR 74.55/MWh for the quarter)*
- ***Well Workover Operations*** expected to restore incremental oil rate by approx. 80 to 100 BOEPD
- ***Gas Production Increase*** of 220% expected to increase gas sales to EUR 600,000/quarter
- ***RISC Competent Persons Report*** assessed an increase of 215% and 154% for the 1P and 2P developed reserves respectively

Exploration

Upper Austria AGS Licenses

- ***Anshof-3 Discovery Well*** spudded on the 18th of December 2021 encountered a 6m gross column in primary target (Eocene reservoir) as well as a 20m gross shallow gas interval (Miocene reservoir). Testing planned to commence in early March 2022
- ***Anshof and OHO Independent Prospect Review by RISC*** supports ADX resource and risk estimates
- ***Anshof-3 farmout*** to ASX listed Xstate Resources Limited to fund 40% of the Anshof-3 well costs to earn a 20% participating interest in the Anshof Prospect
- ***Acreage Expansion Discussions Ongoing*** with the Austria Licensing Authorities

Iecea Mare Production and Parta Exploration License – Romania

- ***Parta Exploration License*** appraisal and prospect review ongoing
- ***Iecea Mare Production License:*** finalised side track and appraisal portfolio

ASX RELEASE

Renewable Energy Projects – Austria

- ***Vienna Basin Green Hydrogen (H_2) Project*** executed a MOA for renewable power supply with Windkraft Simonsfeld AG, undertook ongoing feasibility studies and commenced discussions with green hydrogen purchasers
- ***Geothermal Pilot Project*** secured suitable well, commenced test well design and planning for pilot project execution with Siemens Energy

Finance and Corporate

- ***Cash balance at end of quarter*** total of A$ 5.939 million
- ***Corporate structure*** ongoing establishment of subsidiaries for renewable project participation
- ***Financing*** A$ 2.8 million from a placement of 284,700,000 shares at a price of A$ 0.01 per share

PLANNED ACTIVITIES FOR QUARTER 1, 2022

Vienna Basin Production – Austria

- *Zistersdorf and Gaiselberg Fields* – Complete well workover program and seek to optimise facilities to maximise gas production.

Exploration

- *Upper Austria AGS Licences* – Continue engineering and preparations for Anshof-3 well testing and production tie-in. Develop program for further Anshof appraisal and development drilling. Continue ongoing farmout program and finalise acreage expansion in Upper Austria, including new geothermal projects.

Renewable Energy Projects – Austria

- *Vienna Basin Green H_2 Project* **–** Continue discussions with Windkraft Simonsfeld AG regarding definitive agreements for green power supply and project participation. Ongoing discussions with potential large-scale purchasers of green hydrogen. Develop project feasibility team for technical and commercial definition of project.

- *Geothermal Pilot Project* – finalise agreements with well owners for well utilisation and restoration. Complete well test well design and planning for pilot project execution with Siemens Energy.

Corporate

- *Finalise registration of subsidiaries for renewable energy projects.*

ASX RELEASE

OPERATIONS REPORT
Production Activities

ZISTERSDORF AND GAISELBERG PRODUCTION ASSETS – Vienna Basin, Austria

ADX is operator and holds a 100% interest of the production

Production Operations

Field production rate averaged 254 BOEPD, a 7% decrease compared to the previous quarter. The decrease was due to a number of well failures (pumping and well bore blockages) as well as planned interruptions from an ongoing workover program to fully restore field production.

A program of well workovers is ongoing to restore production due to pump failures and acid clean up to improve production in existing wells. The workover program is expected to conclude at the end of February 2022. Completion of 3 scheduled workovers is expected to add 80 to 100 BOEPD of incremental oil production.

Increased Gas Sales

In addition to the above oil rate related workovers, the production team are currently focussed on adding production from a recently perforated gas interval capable of increasing average gas sales from approximately 0.13 MMscfpd to 0.42 MMscfpd (an increase of approximately 220%). In order to achieve full production capacity, the production team are reinstating capacity from existing compression required to deliver gas to the Zistersdorf sales gas export pipeline system. At current gas prices in excess of USD 30 per mcf (circa USD 175 per boe), the incremental sales will be very valuable to ADX adding approximately a further EUR 600,000 (approx. A$ 970,000) per quarter in sales revenue.

Table 1 - Quarterly Production Summary

	October	November	December	Current Qtr Total	Past Qtr Total	%age Change
Crude Oil Sold (Barrels)	6,983	7,036	7,423	21,443	22,837	-6%
Gas Sold (M^3)	114,500	102,680	100,880	318,060	353,230	-10%
Total Oil Equivalent (BOE)	7,681	7,662	8,038	**23,381**	**24,989**	**-6%**
Avg Production Rate (BOEPD)	***248***	***255***	***259***	***254***	***275***	***-7%***

Field Revenues and Product Pricing

Average Brent reference oil pricing continued to strengthen during the quarter averaging USD 79.73 per barrel (an increase 9% compared to the previous quarter). Gas prices continued strengthen substantially with an average 105% increase compared to the previous quarter.

Total field revenues (including hedging) increased despite lower production rates due to stronger oil and gas prices as well as revised hedging contracts at substantially higher pricing.

Table 3 below shows sales revenues of EUR 1,652,854 for the December 2021 quarter compared to EUR 1,445,381 in the September 2021 quarter. Hedging losses of EUR 166,064 resulted in net total revenue of EUR 1,486,789 for the December 2021 quarter. Approximately 80% of the proven (1P) production was hedged at average price of USD 64.14 per barrel (no hedging is in place on gas production).

Table 2 - Quarterly Sales Price Summary

	October	November	December	Current Qtr Total	Past Qtr Total	%age Change
Avg Oil Pricing (US$ / BBL)	$ 83.66	$ 81.44	$ 74.10	$ 79.73	$ 73.47	9%
Avg Gas Price (Euro / MWh)	€ 61.44	€ 85.48	€ 76.73	€ 74.55	€ 36.35	105%

Table 3 - Quarterly Sales & Hedging Revenue Summary

	October	November	December	Current Qtr Total	Past Qtr Total	%age Change
Oil Revenue (Euro)	€ 461,944	€ 460,514	€ 446,161	€ 1,368,620	€ 1,303,992	5%
Gas Revenue (Euro)	€ 107,299	€ 93,217	€ 83,719	€ 284,234	€ 141,389	101%
Total Sales Revenue (Euro)	**€ 569,243**	**€ 553,731**	**€ 529,880**	**€ 1,652,854**	**€ 1,445,381**	**14%**
Hedging Revenue (Euro) *"Swap Contracts"*	-€ 75,368	-€ 65,000	-€ 25,696	-€ 166,064	-€ 75,105	121%
Total Revenue (Euro)	**€ 493,875**	**€ 488,731**	**€ 504,184**	**€ 1,486,789**	**€ 1,370,276**	**9%**
Total Revenue (A$)	***$ 775,070***	***$ 766,998***	***$ 791,249***	***$ 2,333,317***	***A$/ Euro =***	***0.6372***

Hedging Strategy

On the 5th of January 2022 ADX executed hedging transactions with BP for a zero-cost collar contract with a pricing floor at USD 73.00 per barrel (put option strike price) and a cap at USD 82.60 per barrel (call option strike price). The contracted volumes represent approximately 35%

of the 1P production between 1 January 2022 and 31 March 2022 and 60% of the 1P production for April 2022 from its Gaiselberg and Zistersdorf fields in the Vienna Basin.

The total volume of oil production covered by the zero-cost collar contract is 11,210 barrels during the 4-month period of hedging from January to April 2022 inclusive (the "Hedge Period"). With the new zero-cost collar contract, ADX will receive for these 11,210 barrels a Brent price of no less than USD 73.00 per barrel and up to USD 82.60 per barrel based on the average Brent price for each month over the Hedge Period.

The hedged oil production position from ADX Vienna Basin fields is now approximately 170 barrels per day or approximately 80% of forecast proven (1P) oil production comprising of contracts with the following term and price:

- A previous fixed price swap at USD 71.85 per barrel representing approximately 45% of the 1P production until 31 March 2022; and

- The new zero-cost collar contract with a pricing floor at USD 73.00 per barrel and a cap at USD 82.60 per barrel representing circa 35% of the 1P production between 1 January 2022 and 31 March 2022 and 60% of the 1P production for April 2022.

Favourable trading conditions for Brent crude oil have continued in early 2022 with the Dated Brent Oil forward contracts trading above USD 88.00 per barrel during the first quarter of 2022. Such market conditions have enabled ADX to secure attractive pricing for the abovementioned hedging contract.

Field Reserves Review

A competent person's report was undertaken by independent consultants RISC Advisory Pty Ltd ("RISC") ("RISC CPR") at the Zistersdorf Field and Gaiselberg Field in the Vienna Basin, Austria ("Fields"). RISC was engaged to audit the Fields developed Reserves held by the ADX Energy Ltd Group ("ADX") in which ADX holds at a 100% operated interest. (Refer to ASX announcement dated 4 November 2021).

The effective date of the RISC CPR is 1 July 2021. The developed Reserves have been classified as producing and non-producing. The developed producing Reserves comprise oil and gas quantities from existing producing wells and non-producing developed Reserves are from behind pipe reservoirs in existing wells which will become producing reserves once these wells have been perforated to access and produce intersected oil and gas.

A comparison of the RISC CPR assessment to the previous CPR assessment with an effective date of 31 December 2019, reported on 5 November 2020 is shown below in Table 1. The equivalent previously reported reserves adjusted to 1 July 2021 are calculated by deducting production from 31 December 2019 to 1 July 2021. A positive variance of 215% and 154% respectively is estimated for the 1P and 2P developed reserves categories between the new

RISC CPR reserves and the ADX previously reported CPR on 5 November 2020. The RISC CPR net present values ("NPV") are shown for future Field cash flows for the corresponding reserves cases. All Reserves are based on PRMS Reserves classifications refer below.

Table below Shows RISC CPR versus Previous CPR Reserves Comparison for ADX Fields

	1P Developed Producing and Non-Producing Reserves (BOE)	2P Developed Producing and Non-Producing Reserves (BOE)	3P Developed Producing and Non-Producing Reserves (BOE)
Reserves @ 31/12/2019 (Previous CPR)	540,000	890,000	1,510,000
LESS Production (18 months)	162,000	162,000	162,000
Previous reported reserves @ 1 July 2021	378,000	728,000	1,348,000
RISC CPR reserves @ 1 July 2021	**1,190,000**	**1,850,000**	
Reserves increase	*215%*	*154%*	
RISC CPR NPV $_8$ (million)	**EUR 5.7**	**EUR 15.9**	

Notes:

1. ADX holds a 100% working interest in the fields
2. The notional reference point for reserves is the permit boundary or export line inlet.
3. Deterministic evaluation methods have been used.
4. Associate gas resources includes inerts sold with the gas.
5. There is no fuel & flare consumption for the Fields.
6. BOE means barrels of oil equivalent including solution gas
7. Conversion factors are 1.124 m3/tonne oil, 165.4 sm3 gas per boe and a gas Higher Heating Value of 40.7 MJ/sm3
8. Oil price forecast of US$65/bbl (€55/bbl) flat from 2021 onwards.
9. Gas pricing forecast - summer price forecast is €0.14/m3 and the winter price is €0.16/m3
10. Corporate income tax rate in Austria of 25% has been applied.
11. A currency conversion of 1.18 Euro per US$ is used

PRMS 2018 Reserves Classifications used in this Release

1P Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.

2P Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

3P Denotes high estimate of Reserves. The sum of Proved plus Probable plus Possible Reserves.

1. ***Developed Reserves*** are quantities expected to be recovered from existing wells and facilities.
    a. *Developed Producing Reserves* are expected to be recovered from completion intervals that are open and producing at the time of the estimate.
    b. *Developed Non-Producing Reserves* include shut-in and behind-pipe reserves with minor costs to access.
2. ***Undeveloped Reserves*** are quantities expected to be recovered through significant future investments.

A. **Proved Reserves** are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are

used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

B. **Probable Reserves** are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

C. **Possible Reserves** are those additional Reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high-estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves that are located outside of the 2P area (not upside quantities to the 2P scenario) may exist only when the commercial and technical maturity criteria have been met (that incorporate the possible development scope). Standalone Possible Reserves must reference a commercial 2P project.

Scope of RISC CPR

RISC conducted an independent audit of ADX' field evaluations, including production forecasts, cost estimates and project economics. Production from existing wells is classified as Developed Producing. Production from planned recompletion of the existing wells to new intervals is classified as Developed Non-Producing.

The RISC CPR provides an independent audit of the reserve and resource evaluation conducted by ADX including:

- 1P and 2P developed producing reserves;
- 1P and 2P developed non-producing reserves from upward recompletion of wells;
- 2C contingent resources if applicable; and
- Project economics and NPV.

RISC has also provided an assessment in relation to the validity ADX simulation case forecasts.

Following the completion of an internal field reserves review, ADX commissioned the RISC CPR for the Fields based on a 30 June 2021 calculation date.

RISC considered the results of the ADX internal review incorporating:

- both historical and ongoing production field data;
- a reprocessed 3D data seismic dataset and the extensive field well data base into a 3D geological model for the field;
- a history matched reservoir simulation model; and
- the utilisation of a reservoir simulation model to forecast future production and reserves estimates.

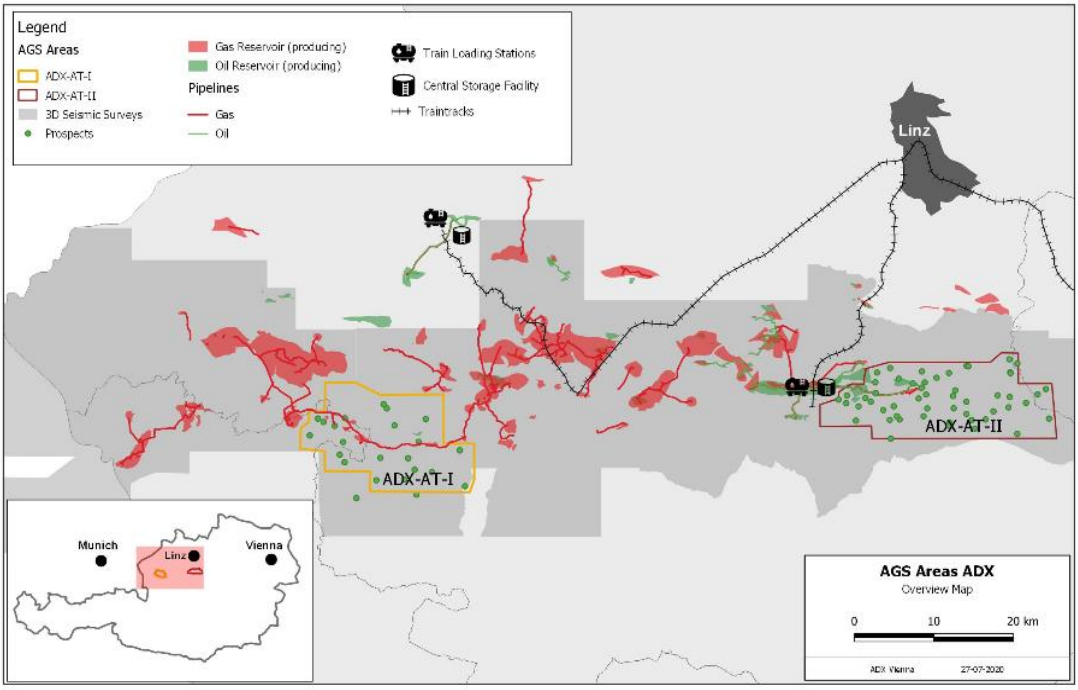
ASX RELEASE

Exploration Activities

Upper Austria AGS Licenses – Austria

ADX is operator and holds a 100% interest in the Anshof Prospect Area* and a 100% interest in the remaining licenses

**ADX interest in the Anshof Prospect Area will become 80% upon Xstate Resources completing its farmin obligations to earn a 20% participating interest in the Anshof Prospect. Refer to ASX release dated 22 November 2021.*



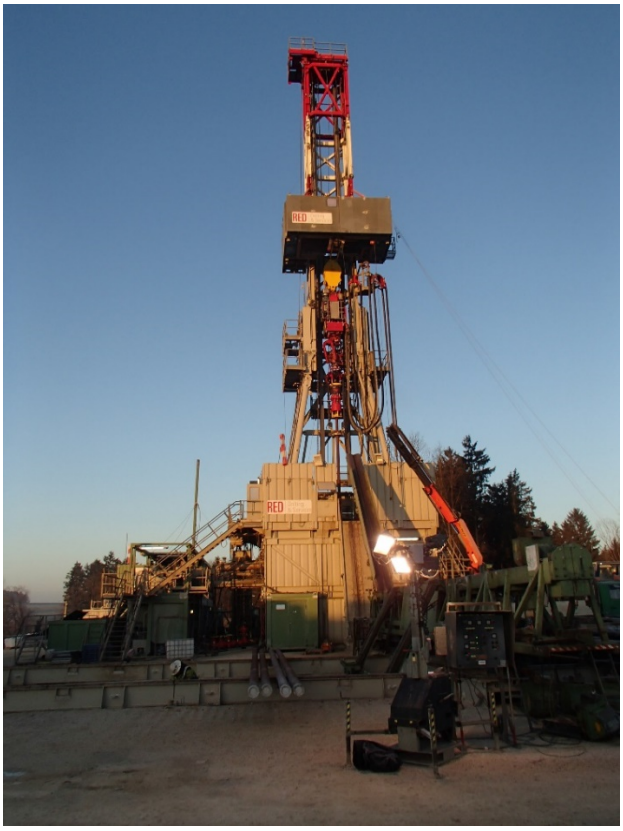
Map showing ADX Upper Austria AGS licenses (ADX-AT-I and ADX-AT-II) proximal to the RAG Austria AG oil and gas production area of the Molasse Basin east of Munich. Green dots represent prospects & leads mapped on 3D seismic

Anshof Prospect Discovery Well

The Anshof-3 well was spudded at 00.30 hours on the 18th of December 2021. The Anshof-3 well is located in the ADX-AT-II license in Upper Austria. The Anshof well site has provision for up to 3 drilling slots (The well name Anshof-3 stems from the fact that physical surface location number 3 which was the first approved by all necessary authorities to allow spudding of the well). Well operations were concluded following the running and cementing of 7inch casing to a total depth (TD) of 2499m. The RED Drilling & Services GmbH (RED) E-200 rig was released on 15 January 2022. The well has been suspended in preparation for completion with production tubing utilising a workover rig prior to testing and potential long-term production thereafter.

The Anshof discovery well intersected 3 hydrocarbon bearing zones of interest in a large, high relief structure providing very significant appraisal and development potential in an onshore

setting adjacent to readily available gathering, production and export infrastructure. The Anshof-3 well is expected to yield a second production asset in Austria for ADX in the near future.



Running casing using the RED E-200 rig at the Anshof-3 drill site

The well was successfully open hole logged with an extensive suite of logs, including the standard "triple combo" suite of tools plus sonic and formation imaging ("FMI") logs. Several logging runs were necessary due to poor hole conditions to acquire the comprehensive dataset enabling detailed quantification of reservoir parameters.

The initial petrophysical interpretation was completed shortly after the last logging runs and confirmed, and further substantiated, the preliminary results obtained from drilling data such as oil and gas shows, gas chromatography logs and Gamma Ray logs recorded while drilling.

From top to bottom of the well, the results can be summarised as follows:

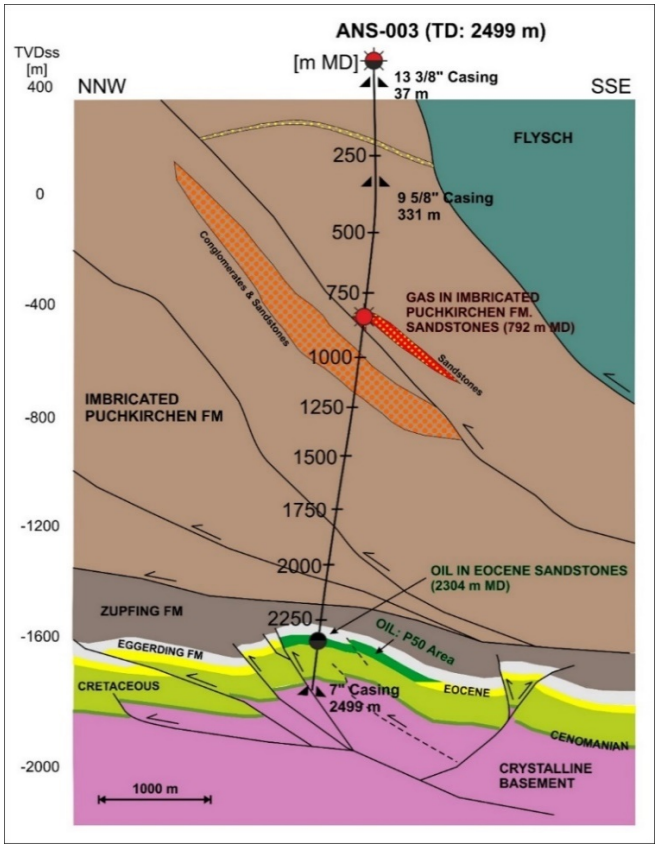
1. Approximately 20m gross gas reservoir zone at around 800m of measured depth (MD) within the overthrust Miocene aged imbricates in a finely laminated deep water turbidites clastic section which has an estimated 14m of gas pay. The finely laminated thin bedded nature of gas sands was further evidenced by FMI logs. It is expected that these sands will contribute significantly to gas flow rates over an anticipated 20m perforation interval. The perforation intervals are currently under review.

2. The Eocene reservoir section starting around 2302m MD with oil shows across a 6m zone of which between 2.5 to 4m are expected to be productive net pay. This is comparable with nearby production wells.

3. The Cretaceous (Cenomanian) section has been interpreted to contain about 11m of reservoir section with oil saturation in line with the oil shows seen while drilling the well. Porosity logs (density, neutron and sonic) together with FMI data and cuttings data suggest that this zone at the Anshof-3 drilling location is unlikely to achieve economic oil flow rates. However, it is encouraging that oil presence was proven. Reservoir quality is known to be variable for this section and better reservoir quality may be encountered elsewhere on the large Anshof structure.

Anshof Well Testing and development potential

Preparations for production testing operations at the Anshof-3 exploration discovery well are underway with a view to an early March 2022 commencement date. Well test design and engineering work is focusing on the deeper Eocene sandstone reservoir oil zone and the shallower Miocene sandstone reservoir gas zone, as shown in the figure below.



Geological Cross Section schematic along the Anshof-3 well path, highlighting the two hydrocarbon zones which will be tested in early March 2022. The oil zone will be tested first

ASX RELEASE

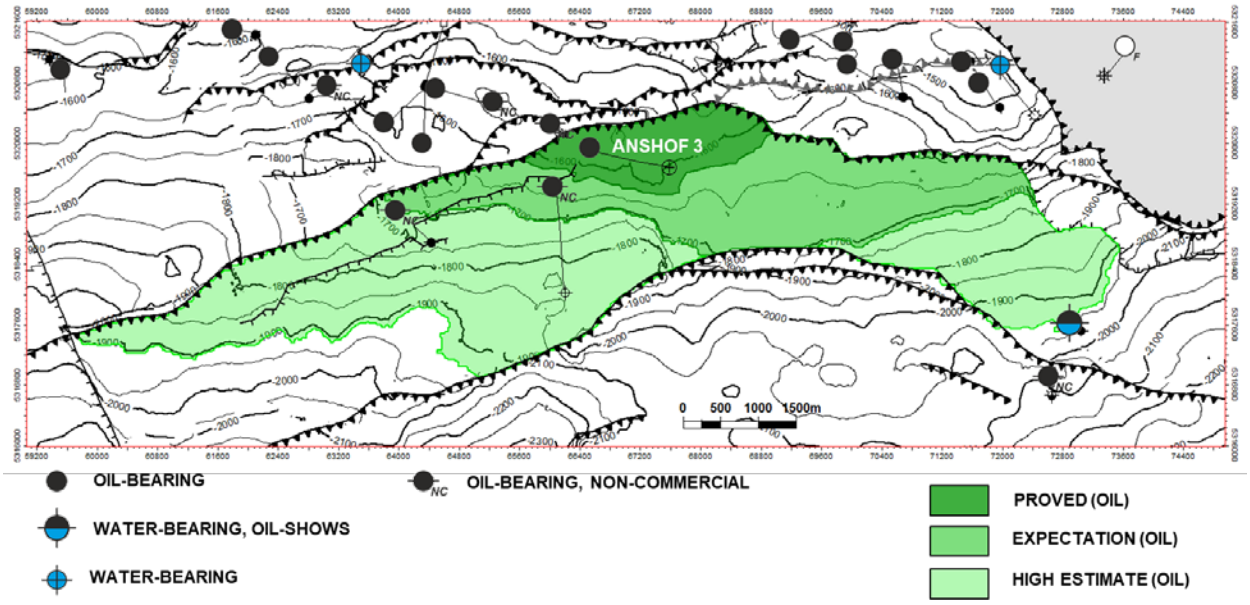
The Cenomanian (Cretaceous) oil zone (11m gross pay identified on logs and preliminary petrophysical analysis) just above the basement and well TD at 2499m MD (1730m TVDSS) will not be tested at the current Anshof-3 bottom hole location because it is likely to exhibit better reservoir quality elsewhere within the large Anshof structure.

Eocene oil reservoir testing and development strategy

Based on well results to date, ADX believes the previously announced pre-drill most likely Eocene oil resources do not warrant revision. (The Original Resources Reporting Date: Upper Austria Exploration was on 30/11/2020, estimates were further revised on 30/3/21).

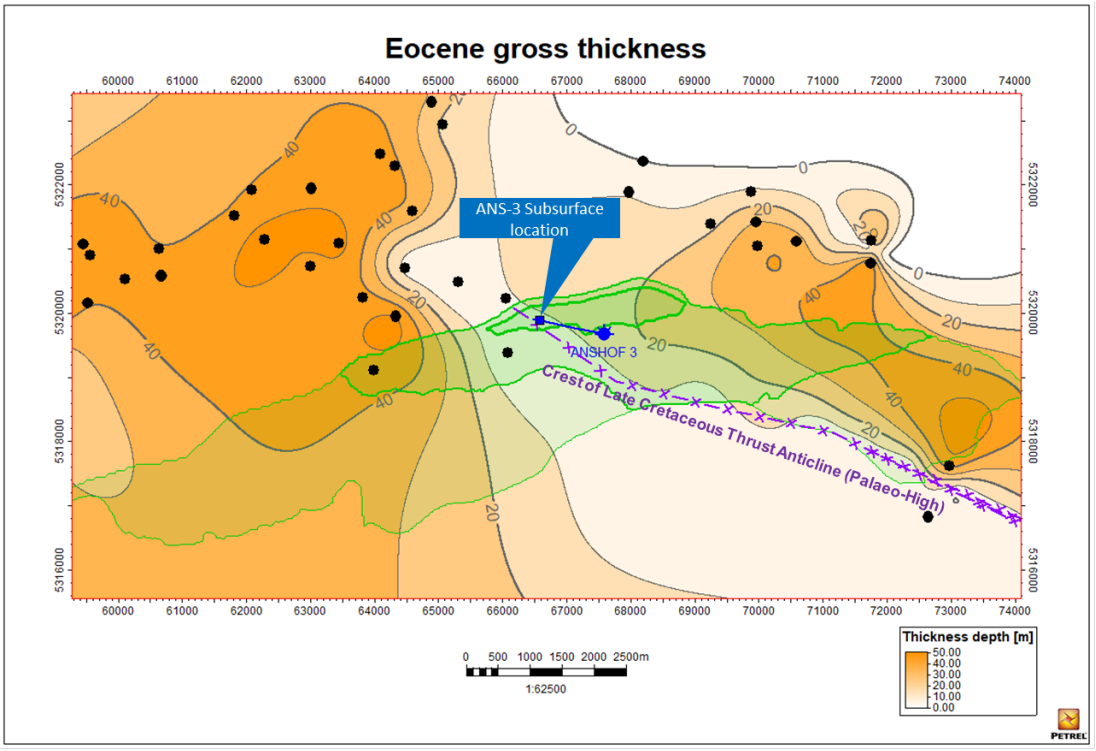
The current understanding of the Eocene resources is considered to be in line with ADX reported resources and that independently assessed by RISC predrill (refer to RISC Independent Resources Review) for the following reasons:

1. The Anshof-3 exploration well intersected the Top Eocene oil zone as predicted by the 3D seismic pre-drill interpretation, i.e. only 4m higher than prognosed (making the potential oil column slightly larger by a commensurate amount). This excellent result validates the predrill structural model and confirms the presence of a large structure. A major contribution to the oil resource calculation stems from the structural configuration of the oil pool gross rock volume ("GRV"), which remains largely unchanged. If anything, a slight increase can be expected due to the Anshof-3 well coming in slightly high to prognosis. The figure below shows the updated post-drill map, which compares favourably with the pre-drill interpretation (shown in the RISC Resources Review). The dark green area around Anshof-3 defines the minimum (P90) oil filled area.



Top oil (Eocene sandstone) post drill depth map (meters TVDSS) , incorporating all well results available. The dark green shaded area shows minimum case (P90), light green area showing the maximum case (P10)

2. The presence of reservoir was the main geological risk prior to drilling which has now been mitigated by the intersection of a 6m gross oil column in the Anshof-3 well with at least 2.5 to 4m being high quality reservoir net pay section based on the current petrophysical interpretation. No free water or an oil water contact was intersected in the well. This result is within the predrill prediction expectation supported by RISC in its independent resource assessment. Future field appraisal and development wells will focus on drilling locations with the potential for optimal reservoir thickness in contrast to the Anshof-3 well which targeted the crest of the structure to prove the presence of a valid trap and a large structure. The figure below shows the Anshof structure outline in green with an overlay of expected Eocene gross reservoir thickness based on 3D seismic, nearby well data as well as latest Anshof-3 well results. The map indicates areas to the East of the Anshof-3 well where a much thicker Eocene reservoir section can be expected. With the structural risk eliminated by the Anshof-3 well results, these areas can be specifically targeted for high productivity development wells. In addition to the optimal Eocene potential, it is likely that areas away from the Late Cretaceous paleo high as mapped on 3D seismic (see below) may also contain better quality and potentially more productive Cenomanian oil reservoir sections as it has been the case in other nearby oil fields in the area.



Eocene reservoir gross thickness map, with the Anshof structure outline shown in transparent green

The RED W-102 workover rig, which is currently operating in ADX' Vienna Basin fields to enhance oil and gas production, will be mobilised to the Anshof-3 location together with

necessary testing equipment during the week commencing 1st March 2022 in order to first test the Eocene sandstone oil reservoir. Subject to the Eocene sandstone producing at commercial rates the Anshof-3 well will be tied into an existing gathering pipeline approximately 70m from the well head. Pipeline tie-in has already approved by the Austrian regulators. First commercial oil production can be expected after securing all necessary regulatory approvals as well as the installation of necessary metering and the commissioning of production facilities within 6 months of successful well testing operations.

Miocene gas reservoir testing and development strategy

The approximate 20m gross gas reservoir zone at a depth of around 800m (MD) within the overthrust imbricates of the Miocene aged finely laminated deep water turbidites clastic section (Refer to geological cross section above). There is an estimated total 14m of gas pay zone based on the preliminary petrophysical interpretation undertaken following wireline logging of the Anshof-3 well. Several gas field analogies exist with similar reservoir sections enabling the design of an optimised testing and completion program for this zone.

Following the completion of an ongoing interpretation of petrophysical and FMI data from wireline logs, ADX will provide resources estimates for the Miocene gas reservoirs as well as an appraisal and development drilling plan. Due to the shallow depth and close vicinity to gas infrastructure, even relatively small volumes can be produced commercially at current European gas prices. In case of a successful well test which is anticipated during mid to late March 2022, first gas production can be expected for early November 2022, allowing ADX to benefit from the current highly elevated European gas prices.

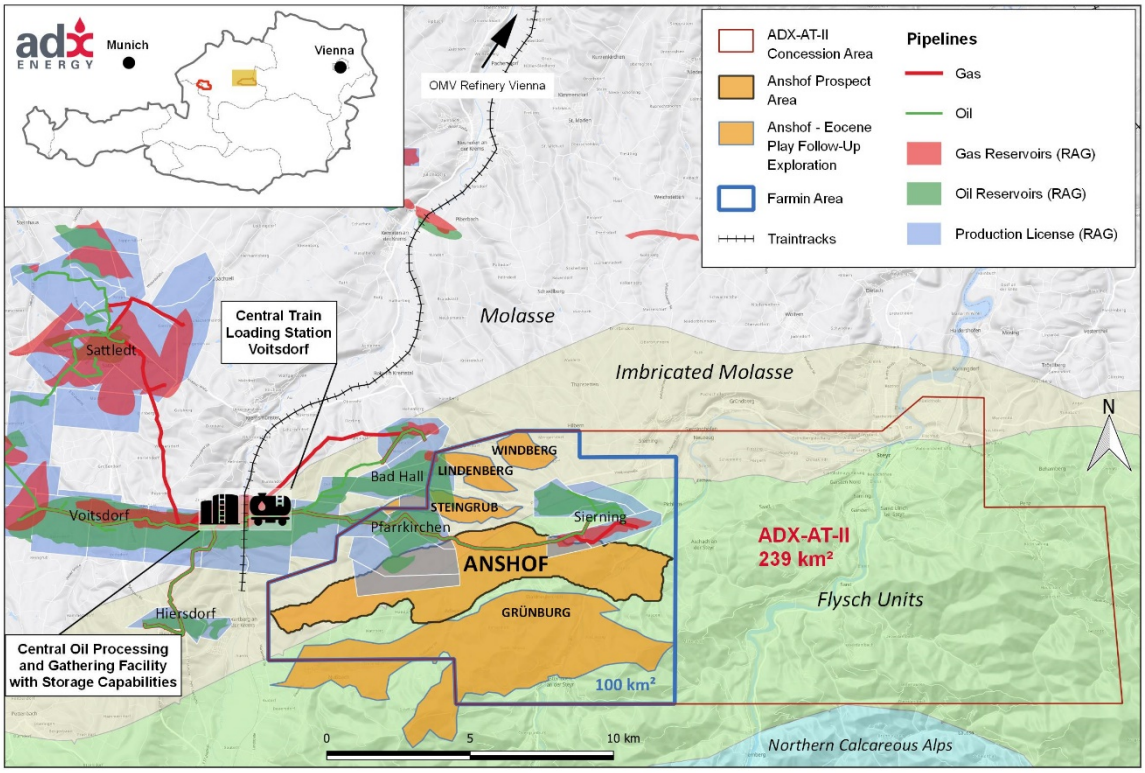
Further analysis of well results

The results of a final petrophysical analysis derived from electric line logging data obtained during the drilling of the Anshof-3 well will be available in early February. These results will be used for an update of the predrill Eocene main target oil resources. No resources have been provided by ADX for the newly discovered shallow Miocene gas zone and the Cenomanian oil zone since these hydrocarbon zones were defined as “opportunities” rather than predrill primary targets. The Miocene gas sands and the Cenomanian oil zone discovered in the Anshof-3 well have been productive in nearby oil and gas fields which provide ongoing appraisal and development opportunities within the Anshof structure. ADX will continue to evaluate and report on the potential of Miocene and Cenomanian reservoirs to be incorporated into ongoing appraisal and development work programs.

Anshof Farmin by Xstate Resources

On 22 November 2021 ADX announced a farmout to ASX listed Xstate Resources Limited (“Xstate”) to fund 40% of the Anshof-3 well costs to earn a 20% participating interest in the Anshof Prospect Area. Xstate will fund 40% of the Anshof well up to a cap at EUR 1,800,000 (EUR 720,000 net to Xstate) and pay 20% of well costs thereafter to earn a 20% equity interest in the Anshof Prospect Area. Xstate may elect to fund 40% of a second well on the Anshof

Prospect or the Anshof Farmin Area to earn a 20% interest in the Anshof Farmin Area within the ADX-AT-II exploration license. Refer to map below.



Map showing the Anshof Prospect Area and the Anshof Farmin Area within the ADX-AT-II exploration license

Post farm-in to Anshof and a second well, ADX will retain an 80% interest in the Anshof Prospect Area and the Anshof Farmin Area. ADX will retain a 100% interest in the remainder of the ADX-AT-II exploration license and the entire ADX-AT-I exploration license.

RISC Independent Resources Review

ADX announced the results of an independent resources review of the Anshof and OHO prospects in the ADX-AT-II and ADX-AT-I exploration licenses in Upper Austria on the 10th of November 2021. The independent review was conducted by RISC opining on ADX resources assessments and risking for the prospects.

RISC reviewed the prospective resource and risk assessment for the Anshof and OHO Prospects and found them to be reasonable. A summary of RISC's findings are shown in the table below.

RISC assessed that the mean un-risked Prospective Resource* for the Anshof prospect is 6.6 million barrels of oil equivalent ("MMBOE") (including the primary Eocene target only) and the probability of success is 43%.

RISC has also assessed that the mean un-risked Prospective Resource* for the OHO prospect is 17.0 MMBOE for the oil case and 20.4 MMBOE for the gas case with a probability of success is 24%.

Table 1: OHO Prospective Resource and Geological Risk Asssessment

(ADX 100% Equity Interest)

Unrisked Prospective Resource [1]	P(90)[2] (MMBOE)	P(50)[3] (MMBOE)	P(10)[4] (MMBOE)	Mean[5] (MMBOE)[6]	*Probability of Success*
Oil Case	3.50	11.90	36.40	**17.00**	*24%*
Gas Case	5.90	16.10	39.40	**20.40**	*24%*

Table 1a: Anshof Prospective Resource and Geological Risk Asssessment

(ADX 100% Equity Interest)

Unrisked Prospective Resource [1]	P(90)[2] (MMBOE)	P(50)[3] (MMBOE)	P(10)[4] (MMBOE)	Mean[5] (MMBOE)[6]	*Probability of Success*
Oil Case	0.50	3.30	16.20	**6.60**	*43%*

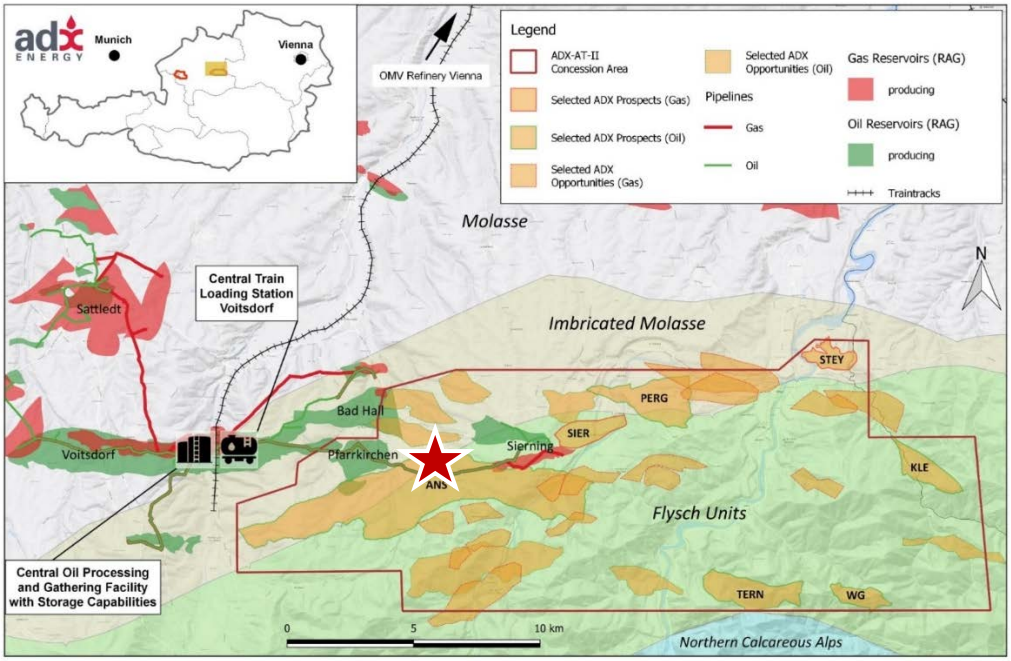
Notes to Table 1 and 1a;

1. *Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. At least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
3. At least a 50% probability that the quantities actually recovered will equal or exceed the estimate.
4. At least a 10% probability that the quantities actually recovered will equal or exceed the estimate.
5. The arithmetic average of the probability distribution.
6. BOE means barrels of oil equivalent.

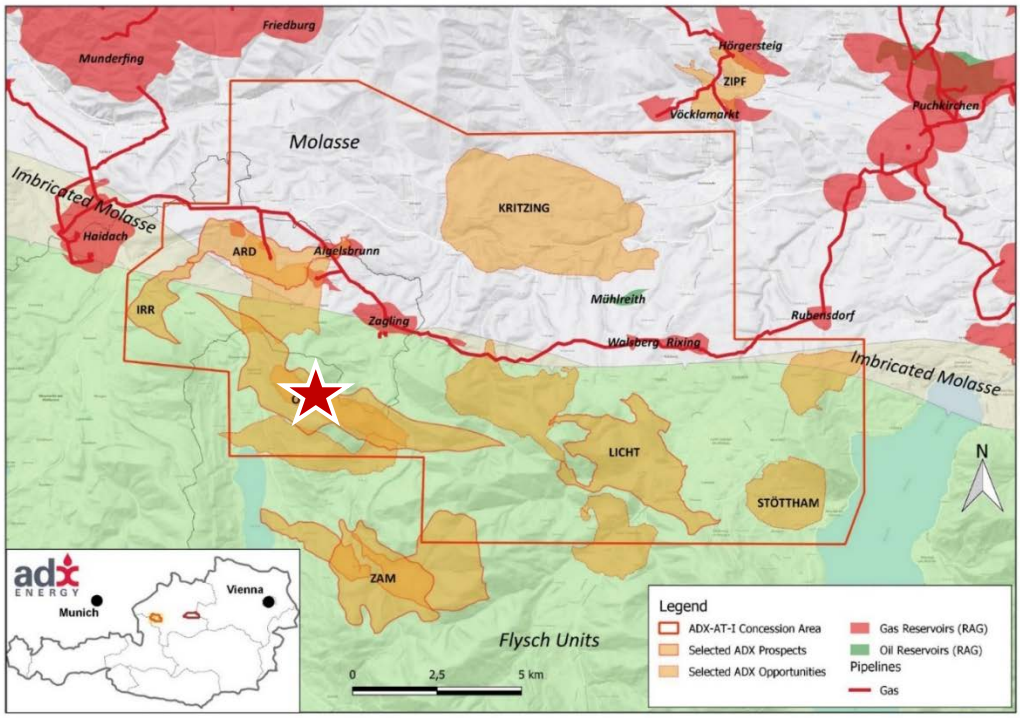
In RISC opinion, the method of utilising a mapping based net-rock-volume (“NRV”) in the prospective resource assessment in the Anshof Prospect may result in a conservative volumetric assessment. RISC was not provided with an assessment of the deeper Cenomanian secondary objective for Anshof.

RISC has reviewed the resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System 2018 (”PRMS”). RISC’s methodology was to review the evaluation, probabilistic resource evaluation and geologic risking carried out by ADX. Details of the findings of their review were presented in a report.

ASX RELEASE



ADX-AT-II License: Anshof (ANS- star symbol) prospect for which drilling was undertaken in December 2021/January 2022. Follow up prospects are shown in yellow together with producing fields, pipeline network and processing facilities



ADX-AT-I License: OHO (red star symbol) prospect for which a drill site already exists. Follow up prospects are shown in yellow together with producing fields and pipeline network

Upper Austria Acreage Expansion

ADX has undertaken a review of the prospectivity of surrounding areas to its existing ADX-AT-II and ADX-AT-I exploration licenses in Upper Austria. Austrian licensing legislation allows the extension of existing license positions providing prior commitments have been met by the licensee. ADX is in consultation with Austrian Licensing Authorities to expand its acreage position to access further exploration potential, brown field opportunities and geothermal potential. ADX will continue to report on progress when the outcome of discussions is known.

PARTA APPRAISAL PROJECT and PARTA EXPLORATION PERMIT – Onshore Romania

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its wholly owned 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. ADX is the operator of the permit pursuant to a services agreement with Danube.

During the quarter ADX continued to focus on the Iecea Mare production license side-track and infill potential which is fully covered with reprocessed 3D seismic. The tables below show very low risk oil and gas infill as well as side-track opportunities within the license.

ADX has also started to study geothermal opportunities within its Parta and Iecea Mare licenses, since this energy source is expected to receive significant investment funding from the European Union.

		MMBOE IN PLACE			MMBOE RECOVERABLE		
Prospect	Reservoir	Min	Best	Max	Min	Best	Max
IM 40 CREST ca. 2070 m TVDSS (without Pa VI Exp.)	Pa-IVa	0,16	0,41	0,77	0,05	0,14	0,26
	Pa-IVb	0,18	0,49	0,94	0,06	0,16	0,31
	Pa-V	0,49	0,95	1,54	0,15	0,31	0,51
TOTAL IM 40 CREST	Pa Iva,b, PA V	**0,83**	**1,85**	**3,25**	**0,26**	**0,61**	**1,08**
		MMBOE IN PLACE			MMBOE RECOVERABLE		
Prospect	Reservoir	Min	Best	Max	Min	Best	Max
IM 41 NORTH ca. 2120 m TVDSS	Pa-IVa	0,13	0,38	0,75	0,04	0,13	0,25
	Pa-IVb	0,14	0,55	1,16	0,05	0,18	0,39
	Pa-V	0,56	1,16	1,96	0,17	0,37	0,62
TOTAL IM 41 NORTH	Pa Iva,b, PA V	**0,83**	**2,09**	**3,87**	**0,26**	**0,68**	**1,26**
TOTAL IM 40 - 41 - AREA		**1,66**	**3,94**	**7,12**	**0,52**	**1,29**	**2,34**

Table showing prospective resources* estimates for the side-track and infill opportunities on the IM-40 structures (Refer to ASX announcement 29 October 2021)

*Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

		MMBOE IN PLACE			MMBOE RECOVERABLE		
Prospect	Reservoir	Min	Best	Max	Min	Best	Max
IM 31B (ca. 2100 m TVDSS) (without Badenian Exp.)	Pa-IVa	0,42	0,64	0,91	0,14	0,22	0,32
	Pa-IVb	0,39	0,68	1,05	0,13	0,24	0,37
	Pa-V	0,26	0,47	0,74	0,08	0,16	0,25
TOTAL 31 B	Pa Iva,b, PA V	1,07	1,79	2,7	0,35	0,62	0,94
		MMBOE IN PLACE			MMBOE RECOVERABLE		
Prospect	Reservoir	Min	Best	Max	Min	Best	Max
IM 32 NORTH (ca. 2125 m TVDSS TD)	Pa-IVa	0,23	0,55	0,99	0,08	0,19	0,34
	Pa-IVb	0,21	0,36	0,55	0,073	0,13	0,19
	Pa-V	0,34	0,7	1,17	0,11	0,24	0,4
TOTAL 32 NORTH	Pa Iva,b, PA V	0,78	1,61	2,71	0,263	0,56	0,93
TOTAL IM 31 & 32 N		1,85	3,4	5,41	0,613	1,18	1,87

Table showing prospective resources estimates for the side track and infill opportunities on the IM-31 structures. (Refer to ASX announcement 29 October 2021)

Nilde Oil Field Redevelopment Project (Permit d 363C.R-.AX) – Offshore Italy

ADX is operator and holds 100% interest in the d 363C.R-.AX Exploration Permit

ADX commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified license. This process was commenced after the award by the Ministry of Industry.

No further activities have been undertaken on the permit since ADX was advised on the 4th of February 2019 that 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.

On 13 February 2021, Mr Mario Draghi was sworn in as Prime Minister of Italy pledging to oversee effective implementation of COVID-19 economic stimulus. ADX has been informally advised that Mr Draghi has requested the resumption of production and exploration activities in Italy. ADX is awaiting advice from the ministry to assess the timing of potential resumption of activities in the d 363C.R-.AX Exploration Permit.

ASX RELEASE

Renewable Energy Projects - Austria

VIENNA BASIN GREEN HYDROGEN PROJECT

ADX has continued commercial and technical project definition activities for the project focussing on sourcing a green power provider for the production of green hydrogen as well as potential purchasers of green hydrogen. At this stage ADX is focussing on the implementation of Phase I of the Vienna Basin Green Hydrogen Project ("Project") at its Gaiselberg and Zistersdorf fields with a view to the subsequent scale up of the project when additional green power and markets are available.

On the 5th of October 2021, ADX announced it had signed a Memorandum of Agreement ("MOA") with Windkraft Simonsfeld AG ("WKS") for the supply of green electricity and the joint development of a green hydrogen production and underground storage project in the Vienna Basin. Discussions between WKS and ADX are ongoing in relation to green power supply and project formation. The parties intend to invest in the Project and collaborate to secure dedicated financial incentives from the Austrian Government and the European Union to provide funding for the Project.

WKS is a major Austrian based European wind power producer operating 91 wind power plants, forecasted to generate approximately 640 million kilowatt hours per year (equivalent to the power demand of 160,000 Austrian households). WKS operates and builds wind power plants near the Gaiselberg and Zistersdorf fields (ADX Fields) where green electricity generation capacity will be curtailed from time to time.

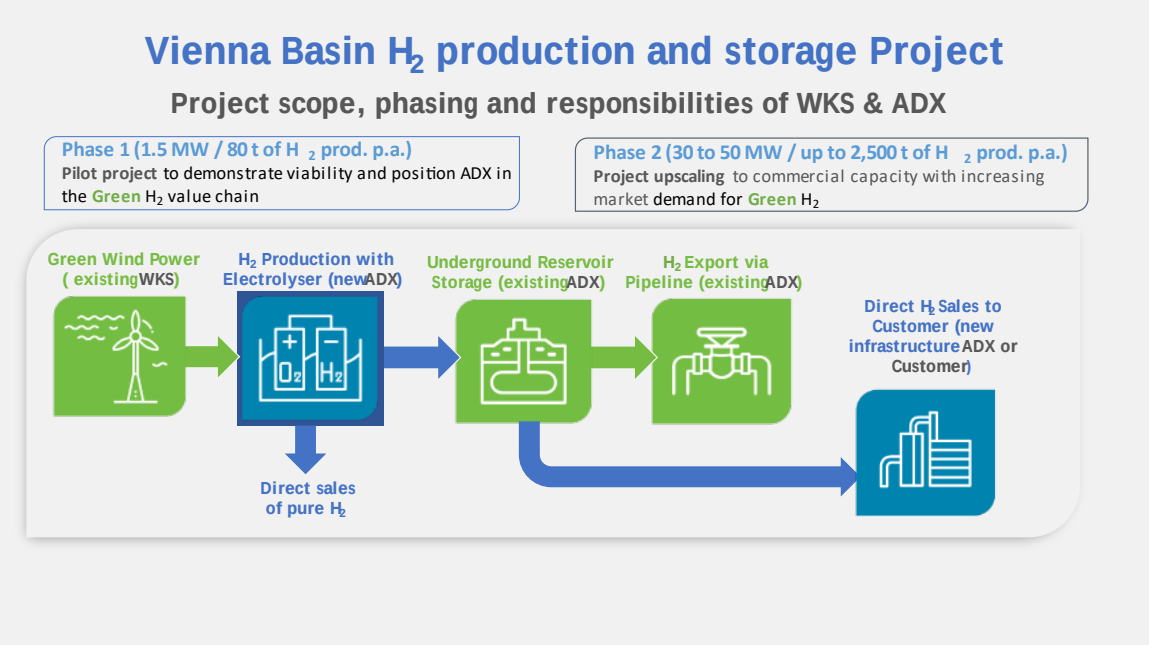


Figure outlining the pilot phase and the upscaled phase of the H_2 Project as well as the various elements of the project, many of which are already in place between ADX and WKS

A WKS operated wind park close to ADX Vienna Basin fields

Vienna Basin Green Hydrogen Project Background

Renewable power from wind and solar is ideal for generation of green hydrogen. There are times when there is excess power that exceeds the capacity of the power grid hence the power is wasted (curtailed power) unless the energy can be stored. The availability of low-cost, safe reservoir storage is critical because it allows otherwise curtailed power to be converted to hydrogen and stored. Stored hydrogen can then be sold at appropriate rates to suit market demand or in our case local pipeline capacity.

ADX fields are already connected to the local pipeline network into which we supply our existing natural gas production from the ADX Fields. The local pipeline network, since 1 July 2021, has been designated by the Austrian regulatory authorities to receive up to 10% hydrogen by volume. This will enable ADX to displace a portion of its existing natural gas production with green hydrogen up to the 10% statutory limit. There is a clear commitment from the European Union to further increase the proportion of hydrogen in existing natural gas pipeline networks and in some countries, such as The Netherlands, dedicated hydrogen pipelines are being built or have already been completed.

The Project has the following positive and unique attributes:

1. Availability of green power and water for green hydrogen production at the ADX Fields;
2. ADX owned land and facilities for the installation of off the shelf electrolyser equipment;
3. The ability to store large quantities of intermittently produced hydrogen economically in depleted reservoirs at the ADX Fields;

4. The availability of an existing local pipeline network where ADX can deliver Hydrogen for use by the local industry and the community; and
5. Proximity to the city of Vienna where there are substantial high value market development opportunities and large scale customers who have already publicly announced their significant future demand for green hydrogen.

The abovementioned set of circumstances mean that ADX has everything it needs to pursue phase 1 of the project focusing on the delivery of green hydrogen to the local community via the existing gas network. With phase 1 in place, ADX can then credibly build the scale of the project to provide green hydrogen for regional fuel switching including power generation and transportation.

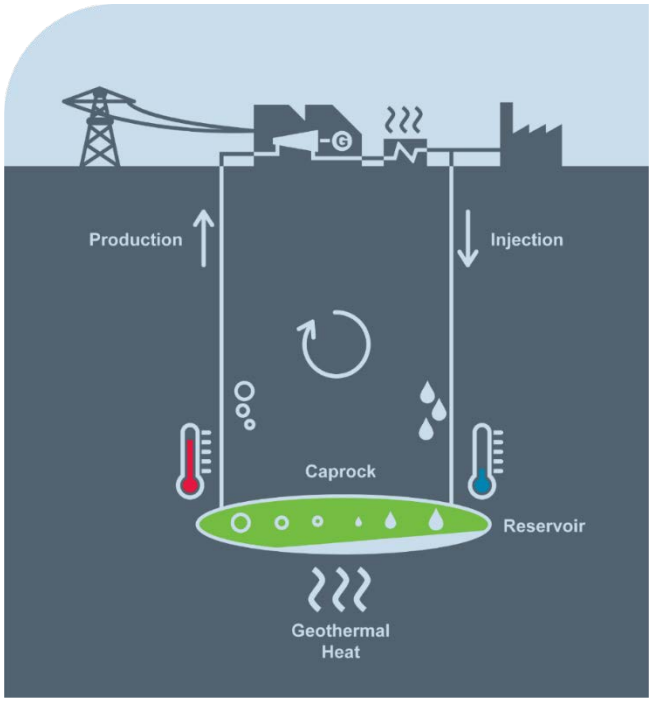
GEOTHERMAL PILOT PROJECT

In addition to the physical attributes of the project, ADX is very well placed in Austria where there is government support for substantial growth in green power production needed for green hydrogen production (government policy is to increase renewable power by factor of 6 by 2030) as well as within Europe, where there is strong financial support for hydrogen projects including subsidies and favourable funding terms for renewable projects.

The Geothermal Pilot Project is a collaboration between ADX, Siemens Energy and RED Drilling & Services GmbH ("RED"). Pilot project is intended to provide the proof of concept of this alternative geothermal energy conversion technology including improved efficiencies in generating electricity compared to conventional geothermal systems. By using an existing geothermal well, the Parties intend to develop know-how in the area of reuse-concepts for abandoned boreholes and/or reservoirs for the deployment of geothermal technology.

On the 28th of September 2021, ADX announced that it had finalised commercial arrangements and secured a well site for pilot project in cooperation with Siemens Energy and RED. Engineering, planning and procurement work commenced during October 2021.

Under commercial arrangements, ADX is the responsible party for all licensing and subsurface execution aspects of the Pilot Project, including permitting, reservoir engineering, geological analysis, operational planning and implementation. Siemens Energy are providing thermodynamic engineering work for the evaluation of the power generation system. RED is responsible execute all well workover operations required and undertake well performance monitoring.



Geothermal power generation schematic

During the quarter ADX and RED have identified a suitable existing well site for the Pilot Project with the appropriate heat transfer attributes, high geothermal gradient and reservoirs and suitable flow capacities.

ADX has focussed on securing all necessary regulatory permits and agreements with the relevant authorities and well owners necessary to commence of pilot operations as well as reservoir engineering studies to model heat transfer within the well bore and the reservoir.

ADX has also further engaged with the local community and industry who have expressed their strong demand for geothermal energy in the area, which has also been chosen because of its very high geothermal gradient.

Background regarding ADX role in geothermal energy

Geothermal power generation in the appropriate geological setting is capable of providing a low-cost, constant and reliable carbon free energy source for heating or conversion to electrical power.

The geothermal industry is very well supported around Munich (the capital of Bavaria, Germany,) which is proximal to ADX' Upper Austria exploration acreage. The area contains proven geothermal reservoirs with large untapped potential in Austria where there is growing demand for town heating and industrial applications.

ADX' role in the geothermal Pilot Project as the operator, subsurface geotechnology adviser and license holder, is an extension of ADX' current oil and gas production and exploration activities in Austria. The execution of this Pilot Project in cooperation with highly competent parties such as Siemens and RED provides a unique opportunity for ADX to enhance its knowledge, capability and experience in anticipation of participation in commercial scale geothermal power generation projects in the near future.

ADX participation provides the necessary knowledge, experience and credibility to develop and deploy suitable geothermal power generation technologies on a large scale in ADX' operated Austrian licenses as well as other Central European jurisdictions where ADX has identified geothermal power generation opportunities.

Finance and Corporate

Operations

During the December 2021 quarter, cash revenue received from oil and gas operations in Austria totalled A$ 2.4 million (for sales for the period September to November). December revenue of EUR 0. 5 million (A$ 0.79 million) was received after the quarter end.

Cash Balances

ADX' cash at the end of the quarter was A$ 5.939 million. This cash balance includes A$ 0.3 million held by 49.2% owned subsidiary Danube Petroleum Limited and its Romanian subsidiary ADX Energy Panonia srl for Romanian operations.

Cash excludes funds secured for bonds and guarantees. Secured cash totals A$ 0.85 million.

Placement Raising A$ 2.8 million

On 8 December 2021, ADX advised it had successfully raised A$ 2.8 million from a placement of 284,700,000 shares at a price of A$ 0.01 per share to sophisticated, institutional and professional investors (the "Placement"). One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is A$ 0.015 with an expiry date of 30 June 2022.

Funds raised by the Placement will be used to supplement ADX' cash requirements for the Company's ongoing exploration activities including testing the successful Anshof-3 well, feasibility work relating to the Vienna Basin green hydrogen (H_2) production and storage project, the Geothermal Pilot Project in collaboration with Siemens Energy and RED as well as license fees for the extension of ADX' exploration licences in Upper Austria.

ASX RELEASE

Additional ASX Information

- ASX Listing Rule 5.4.1: Exploration expenditure during the quarter was A$ 724,000 excluding staff costs. Full details of exploration activity during the quarter are included in this Quarterly Activities Report.

- ASX Listing Rule 5.4.2: Production expenditure including a workover operations program in Austria during the quarter was A$ 1,538,000 excluding staff costs. Appraisal expenditure in Romania during the quarter was A$ 28,000, excluding staff costs. Full details of production and appraisal activities during the quarter are included in this Quarterly Activities Report.

- ASX Listing Rule 5.4.3: A tenement schedule is provided at the end of this Activities Report. On 22 November 2021, ADX announced that is has signed a farm-in agreement with Xstate Resources Limited ("Xstate") to partially fund the drilling of the Anshof prospect in ADX-AT-II exploration license in Upper Austria ("Farmin HOA"). Under the terms of the Farmin HOA, Xstate will fund 40% of the Anshof well drilling expenditure up to a cap EUR 1,800,000 million (EUR 720,000 net to Xstate) to earn a 20% equity interest in the Anshof Prospect Area. Xstate may elect to fund 40% of a second well on Anshof or the Anshof Farmin Area to earn a 20% interest in the entire Anshof Farmin Area (Second Well Funding).

  Subject to an election to participate in the Anshof Prospect Area following the conclusion of drilling the Anshof exploration well, Xstate has up to 3 months to elect to participate in the entire Anshof Farmin Area by making a commitment to the Second Well Funding. Upon earning a participating interest in the Anshof Prospect and the Anshof Prospect Area, ADX and Xstate have agreed to enter into a production sharing contract (PSC) and a joint operating agreement (JOA) which will cover the conduct of ongoing operations and sharing of production. The PSC and JOA principles are included in the Farmin HOA.

  Upon completion of the farmin obligations by Xstate including Second Well Funding, Xstate will hold a 20% participating interest in the Anshof Prospect Area as well as the Anshof Farmin Area. ADX will retain an 80% interest in the Anshof Prospect Area as well as the Anshof Farmin Area. ADX will also retain a 100% interest in the remainder of the ADX-AT-II exploration license and the entire ADX-AT-I exploration license.

  As at the end of the quarter, the farmin obligations were not completed and as a result ADX still held 100% interest in the Anshof Prospect Area.

- ASX Listing Rule 5.4.5: Payments to related parties of the Company and their associates during the quarter was A$ 207,000. This consists of A$ 5,200 paid for office rental to an entity related to Director Andrew Childs, and A$ 202,000 for executive directors consulting fees, salaries and non-executive director fees.

ASX RELEASE

Tenement Table

Tenements held at the end of the quarter, their location, ADX percentage held at the end of the quarter and changes thereof:

Permit	% held at the beginning of the Quarter	% held at the end of the Quarter	% change
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%	100%	-
Upper Austria AGS Licenses [1]	100%	100%	-
Onshore Romania, Parta [2]	100%	100%	-
Onshore Romania, Iecea Mare Production Licence[2]	100%	100%	-
Offshore Italy, d363C.R-.AX [3]	100%	100%	-

Note 1: *Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS). ADX announced a farmout to ASX listed Xstate Resources Limited to earn a 20% participating interest in the Anshof Prospect Area. Xstate may elect to fund 40% of a second well on the Anshof Prospect or the Anshof Farmin Area to earn a 20% interest in the Anshof Farmin Area within the ADX-AT-II exploration license. ADX will retain a 100% interest in the remainder of the ADX-AT-II exploration license and the entire ADX-AT-I exploration license. Refer to ASX release dated 22 November 2021.*

Note 2: *ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via ADX Energy Panonia 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. ADX is the operator of the permit pursuant to a Services Agreement with Danube.*

Note 3: *ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry.*

Yours faithfully,

Paul Fink
Chief Executive Officer
+61 (08) 9381 4266
paul.fink@adx-energy.com

Ian Tchacos
Executive Chairman
+61 (08) 9381 4266
ian.tchacos@adxenergy.com.au

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

Persons compiling information about Hydrocarbons

Pursuant to the requirements of the ASX Listing Rule 5.31, 5.41 and 5.42 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr. Fink is Technical Director of ADX Energy Limited is a qualified geophysicist with 23 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this release and considers the resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Resource Classifications used in this release

Contingent Resources are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded.

Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Low Estimate scenario of Prospective Resources - denotes a conservative estimate of the quantity that will actually recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate scenario of Prospective resources - denotes the best estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. It is the most realistic assessment of recoverable quantities if only a single result were reported. When probabilistic methods are used, there should be at least a 50 % probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate scenario of Prospective Resources - denotes an optimistic scenario of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will be equal or exceed the high estimate. ADX has only reported Best Estimate Prospective Resources Scenarios in this release.