ADX Energy Ltd (ASX:ADX)

ASX RELEASE

11 December 2023

Anshof-2 Appraisal Well Update
Drilling Operations Report No 5

Wireline logging results indicate a much larger high quality reservoir intersection at or near the field oil water contact.

The shallower than predicted oil water contact is compensated by the flattening of the structure increasing up-dip volume and the existence of a much thicker reservoir intersection which has been confirmed to extend across the field.

ADX and its partner MND have decided to suspend the well with the intention of side tracking the well to an up-dip location after the drilling of the ADX Welchau-1 well.

Key points:

- The Anshof-2 well has intersected the predicted Eocene oil reservoir section at a depth of approximately 2160 metres measured depth (MD), approximately 40 to 50 metres higher than prognosis in terms of vertical depth. The well was directionally drilled in 8 ½ inch hole to a total measured depth of 2321 metres (TMD) with a final inclination of approximately 73° (i.e. near horizontal). The well has been evaluated with electric wireline logs.
- Preliminary petrophysical analysis of the Eocene sands confirms at least 12 metres net vertical thickness of high quality reservoir with a porosity of approximately 20%, significantly surpassing the reservoir quality and thickness found in the Anshof-3 discovery well located to the West that has demonstrated strong production performance. The calculated oil saturation across the interval is approximately 34% and as a result the well will not be completed as an oil producer at this bottom hole location but suspended for deviation to a yet to be finalised up-dip location. Oil shows (fluorescence and good chloroform test reaction) at the top of the Eocene section indicate that higher oil saturations can be expected slightly further up-dip from the Anshof-2 bottom hole location. Refer to figure 2.
- While the oil saturation at the Anshof-2 bottom hole location is clearly less than expected, ADX' interpretation is that the well has penetrated the Eocene reservoir close to the oil water contact (OWC). The presence of a thick very high-quality reservoir section in line with ADX' P10 (upside) case pre drill maps and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered 40 to 50 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at this location, i.e. a larger crestal volume with greater net reservoir thickness (approx. 5 times that encountered at the Anshof-3 discovery and production well).
- The suspension of the Anshof-2 well allows the time to evaluate an optimal well location which is sufficiently up-dip from the current bottom hole location with an intersection of a similar or greater thickness of high-quality reservoir sandstones. The drilling of a side track from the bottom of 9 ⅝ inch casing provides significant cost savings for the planned sidetrack development well (refer to figure 1).
- Eocene oil production wells in the basin with similar high quality sand intersections as encountered in Anshof-2 have produced at rates of approximately 1,000 barrels per day.
- The Anshof-2 appraisal well is located in the ADX-AT-II licence in Upper Austria. The well was spudded at 10:00 am Central European Time (CET) on the 13th of November 2023. ADX is the operator and has a 60% economic interest in the well. The RED Drilling & Services GmbH (RED) E-202 drilling rig is expected to be released on the 12th December 2023 following completion of suspension operations.

ADX Energy Ltd (**ASX Code: ADX**) advises that the Anshof-2 well has been directionally drilled in 8 ½ inch hole to a total measured depth of 2321 metres (TMD) with a final well bore inclination of approximately 73°. The well has been evaluated with electric wireline logs (Logging) and is currently being suspended for future side track as a producer in the near future.

The well was spudded at 10:00 am Central European Time on the 13th of November 2023 using the RED Drilling & Services GmbH (RED) E-202 rig. The Anshof-2 well is located in the ADX-AT-II license in Upper Austria.

The preliminary petrophysical analysis of the Eocene sandstone reservoirs' Logging results confirms 12 metres of net vertical thickness of high quality reservoir with a porosity of approximately 20%. The calculated oil saturation across the interval is approximately 34%. Oil shows (fluorescence and good chloroform test reaction) at the top of the Eocene section indicate that higher oil saturations can be expected slightly further up-dip from the Anshof-2 bottom hole location. Updated structure maps based on the top Eocene being encountered shallower than prognosis also support this interpretation. Refer to figure 2.

Implications of Anshof-2 Well Results

The preliminary interpretation of the Anshof-2 well results based on an initial petrophysical analysis indicates oil saturation values at this location are considered too low to complete the well as a producer however oil shows at the top of the Eocene section indicate that higher oil saturations can be expected slightly further up-dip from the Anshof-2 bottom hole location. The well has therefore been suspended to be side tracked as a future oil producer up-dip from the current well location.

The Anshof-2 well was drilled as an appraisal well targeting a down dip location from the Anshof-3 discovery well in order to prove an oil water contact (or oil down to) based on pre-drill mapping more than 100 metres deeper than the "oil down to" (ODT) encountered in the Anshof-3 well.

The implications of the drilling and logging results at Anshof-2 for the ongoing development of the Anshof field are as follows:

1. The reservoir quality (20% porosity) and net reservoir thickness (12 metres net vertical thickness) is outstanding and is in line with ADX' pre drill upside case (P10) model. This model also predicts similar reservoir quality and more net reservoir thickness further up-dip from the Anshof-2 bottom hole location. The vertical thickness of net reservoir at the Anshof-2 location is approximately 5 times that encountered at the Anshof-3 discovery well providing very positive implications for productivity of a future up-dip producer.

2. The well came in 40 to 50 metres higher than prognosis, hence the revised mapping of the field results in a larger area of the Anshof Field being significantly above the ODT proven in the Anshof-3 well. This will result in a significant increase in reserves at the crest of the structure.

The presence of a much thicker than expected high-quality reservoir section and the fact that Anshof oil field structure is flatter and larger due to the Eocene sands being encountered 40 to 50 metres higher than prognosis is expected to compensate for the shallower than expected OWC depth at Anshof-2. As a result, a larger crestal volume with greater reservoir thickness can be expected requiring fewer production wells due to higher well productivities and reserves recovery per well.

It should be noted that Eocene oil producers in the basin with similar high quality sand intersections as encountered in Anshof-2 have produced at rates of approximately 1,000 barrels per day.

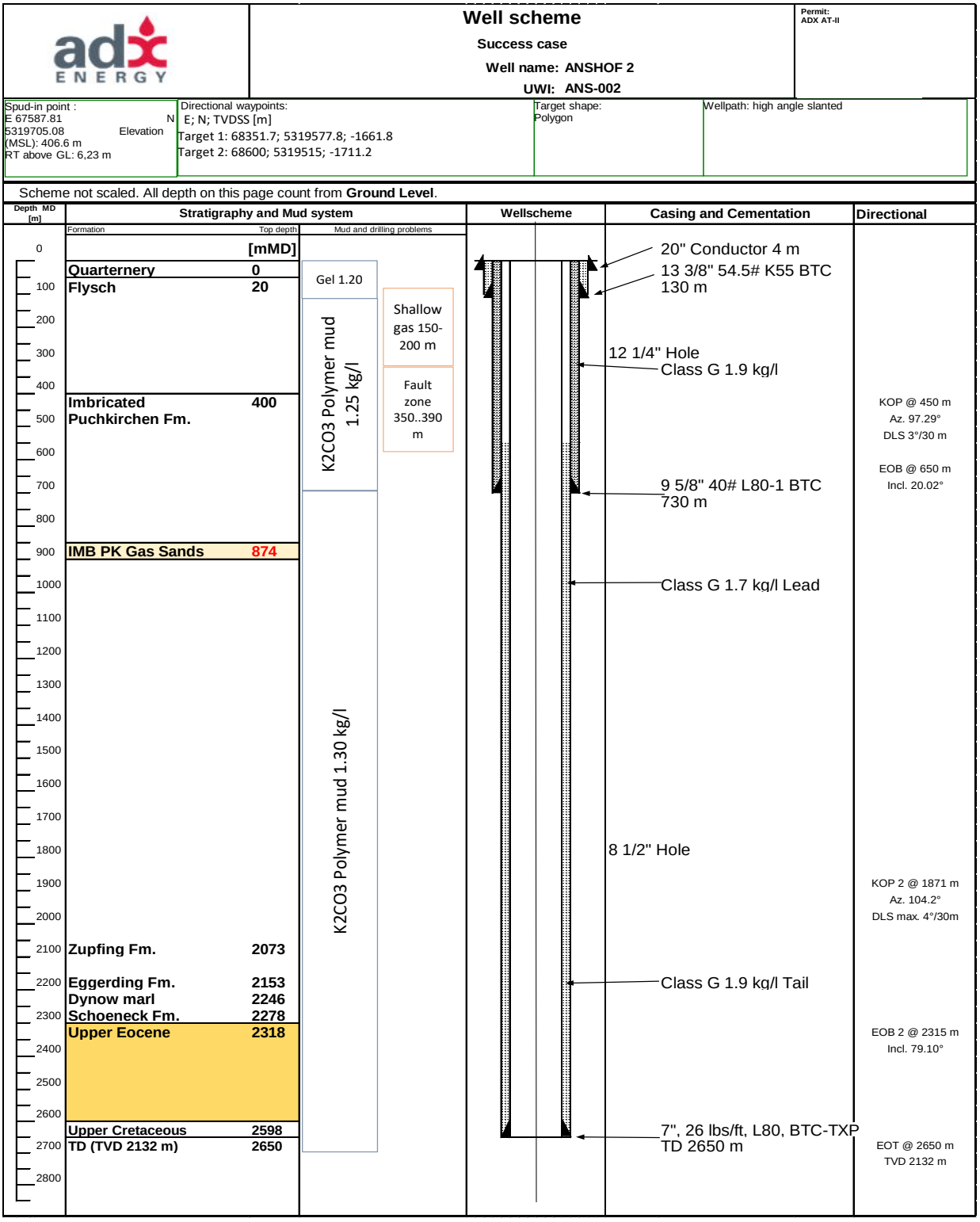

Figure 1: Anshof-2 pre-drill well (ANS-2) well plan

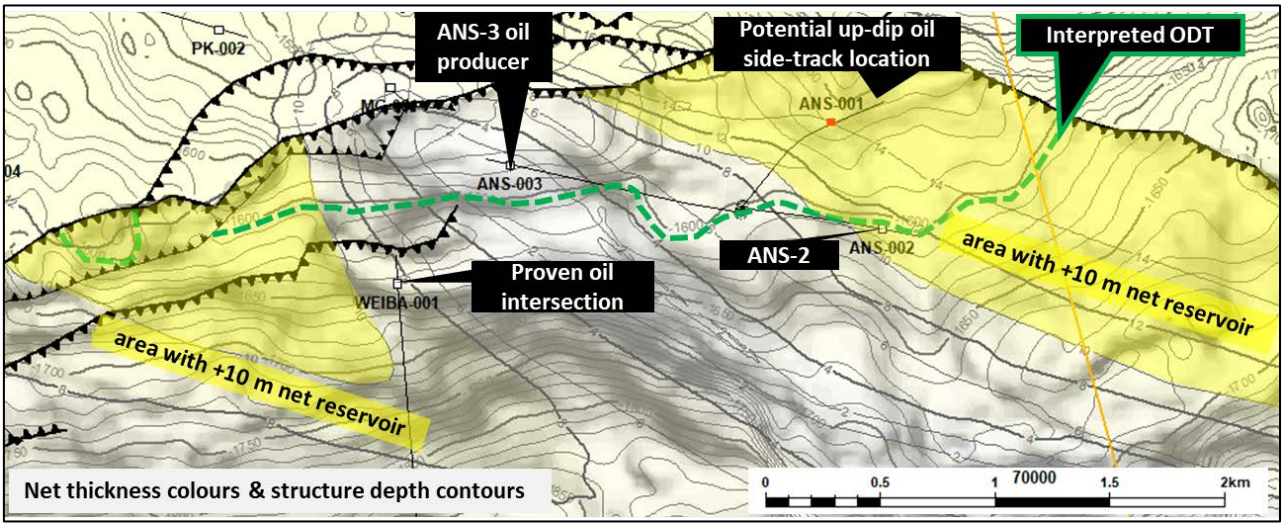

Figure 2: Anshof Western Lobe Map schematic showing the area of high quality thick (+10 m) net reservoir areas in yellow, superimposed by structural contours and the expected ODT up-dip of Anshof-2. A future up-dip sidetrack for oil production is expected to encounter similar or better reservoir properties than Anshof-2

Future Operations

The RED E-202 drilling rig is expected to be released on the 12th December 2023 following suspension of the Anshof-2 well for future side track.

The suspension of the well allows the necessary time to determine an optimal well location for a future side track which is sufficiently up-dip from the Anshof-2 bottom hole location with a reservoir intersection of a similar or greater thickness of high quality sands. The future drilling of the side track from the bottom of 9 ⅝ inch casing at Anhof-2 provides significant cost savings for a future development well.

The side track of the well is expected to be undertaken following the drilling of ADX Welchau-1 well.

Well Participation and Operatorship

In accordance with Anshof Discovery Area Partnership agreements, the economic interests in the Anshof-2 well will be 60% ADX and 40% MND. ADX is the Operator of the Anshof Discovery Area Partnership and the ADX-AT-II licence.

XST has elected not to participate in the Anshof-2 well. ADX and MND will fund XST's share of well costs on 50:50 basis and will in turn obtain the right to 60% and 40% respectively of production from the well unless XST opts to buy back into the well at a premium of 500% to well costs. XST retains its 20% economic interest in the remainder of the Anshof Discovery Area Partnership (i.e. Anshof Discovery Area less the Anshof-2 well) with both ADX and MND's economic interests remaining at 50% and 30% respectively.

For further details please contact:

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

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 Ltd is a qualified geophysicist with 30 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).

Previous Estimates of Reserves and Resources:

ADX confirms that the results of the Anshof -2 well will impact Anshof Field Reserves estimates. ADX will provide an update in relation to Anshof Field Reserves as soon as practically possible together with all material assumptions and technical parameters.

End of this Release