

9 January 2024

Welchau Investment Agreement Amendment

MCF Energy increases Welchau-1 well funding obligation from 50% of EUR 3.8 million to 50% of EUR 5.1 million for an increase in economic interest from 20% to 25%

Key points:

- In early 2023, Canadian TSX Venture Exchange listed MCF Energy Ltd. (MCF), executed an Energy Investment Agreement (EIA) to fund 50% of the cost of the Welchau-1 exploration well to earn a 20% economic interest in the Welchau Investment Area. The funding obligation was based on a well cost cap of EUR 3.8 million.
- Additional permitting costs to secure an environmental clearance and additional pre-drill costs including the drilling of a shallow geotechnical and water well has resulted in an increase in well costs from EUR 3.8 million to EUR 5.1 million.
- MCF and ADX have agreed to vary the terms of the EIA such that MCF will fund 50% of the Welchau-1 well costs up to EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area. MCF and ADX will pay their economic interest share of Welchau Investment Area related costs of 25% and 75% respectively once the revised well cost cap has been reached.
- Drilling operations are expected to commence upon completion well site construction in late January and mobilisation the RED Drilling & Services GmbH (RED) E-202 drilling rig to the Welchau-1 drilling location.
- The Welchau-1 exploration well is located in the Welchau Investment Area in ADX' ADX-AT-II licence in Upper Austria.

The Welchau gas prospect has exceptional gas resource potential, located in the heart of Europe at a relatively shallow drill depth and proximal to gas pipelines. ADX estimates that Welchau has **best technical Prospective Resources of 807 BCFE (134 MMBOE)**¹. Welchau is targeting the same reservoirs as the nearby Molln-1 well which tested gas in 1989.

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 exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

ADX Executive Chairman, Mr Ian Tchacos, said, *“The Board of ADX looks forward to the imminent drilling of the Welchau-1 well. The amendment to the EIA reduces ADX exposure to increased well costs for a modest and commensurate decrease in economic interest to 75%. The Welchau exploration project is an exceptional domestic energy supply and economic opportunity for the State of Austria. ADX and our partner MCF are committed to pursuing responsible gas exploration at a time when energy security is of critical importance in Europe”.*

¹ Best Technical Prospective Resources Prospective resources reporting date 22.06.2023

ADX Energy Ltd (**ASX Code: ADX**) entered into an Energy Investment Agreement on the 2nd of January 2023 (EIA) for the Welchau Investment Area with Canadian TSX Venture Exchange (TSXV) listed MCF Energy Ltd. (TSXV – MCF.V) (MCF). Under the terms of the EIA, MCF (via its' subsidiary MCF Energy GmbH) agreed to fund 50% of the Welchau-1 well drilling costs up to a maximum of EUR 3.8 million (Well Cap) to earn a 20% economic interest in the Welchau Investment Area.

ADX and MCF have agreed to vary the EIA whereby MCF will fund 50% of the Welchau-1 well drilling costs up to a maximum of EUR 5.1 million (Revised Well Cap) to earn a 25% economic interest in the Welchau Investment Area (instead of a 20% economic interest). MCF and ADX will pay their economic interest share of Welchau Investment Area costs of 25% and 75% respectively once the Revised Well Cap cost has been reached.

The increase in estimated well costs from EUR 3.8 million to EUR 5.1 million is the result of additional permitting costs to secure an environmental clearance, drilling cost escalation and additional pre-drill costs including the drilling of a shallow geotechnical and water well.

The Welchau-1 exploration well is located in the Welchau Investment Area in ADX' ADX-AT-II licence in Upper Austria. ADX is operator of the ADX-AT-II licence and the Welchau Investment Area.

Welchau-1 Well Operations

Well site construction commenced on the 15th of December 2023 following receipt of an environmental clearance from the Department of Nature Protection of the State Government of Upper Austria to drill the Welchau-1 gas well. The environmental clearance was the last regulatory approval required to commence drilling operations on the Welchau prospect. The environment clearance followed a drilling permit for the well that was received from the Mining Authority on behalf of the Ministry of Finance of the Republic of Austria.

Drilling operations at Welchau are expected to commence in late January 2024 following the completion of well site construction and the mobilisation of the RED Drilling & Services GmbH E-202 drilling rig which has recently been used for drilling of the Anshof-2 well and the Anshof-3 discovery well. ADX has maximised local content where there is an excellent past record of safety, environmental protection and project execution. The success case drilling program is expected to take approximately 39 days.

Welchau Investment Area Economic Interests

ADX holds a 75% economic interest in the Welchau Investment Area which contains Welchau Gas Prospect and other emerging gas prospects in ADX' ADX-AT-II licence in Upper Austria. MCF Energy Ltd. (TSXV – MCF.V) (via its' subsidiary MCF Energy GmbH) has executed an Energy Investment Agreement to fund 50% of the Welchau-1 well costs up to a well cost cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area.

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Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.41 the technical and Prospective Resources 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 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 it is not aware of any new information or data that may materially affect the information included in the relevant market announcements for reserves or resources and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Reporting Standards for Resource Estimation

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

Prospective Resource Classifications

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.

End of this Release