ADX Energy Ltd (ASX:ADX)

ASX RELEASE

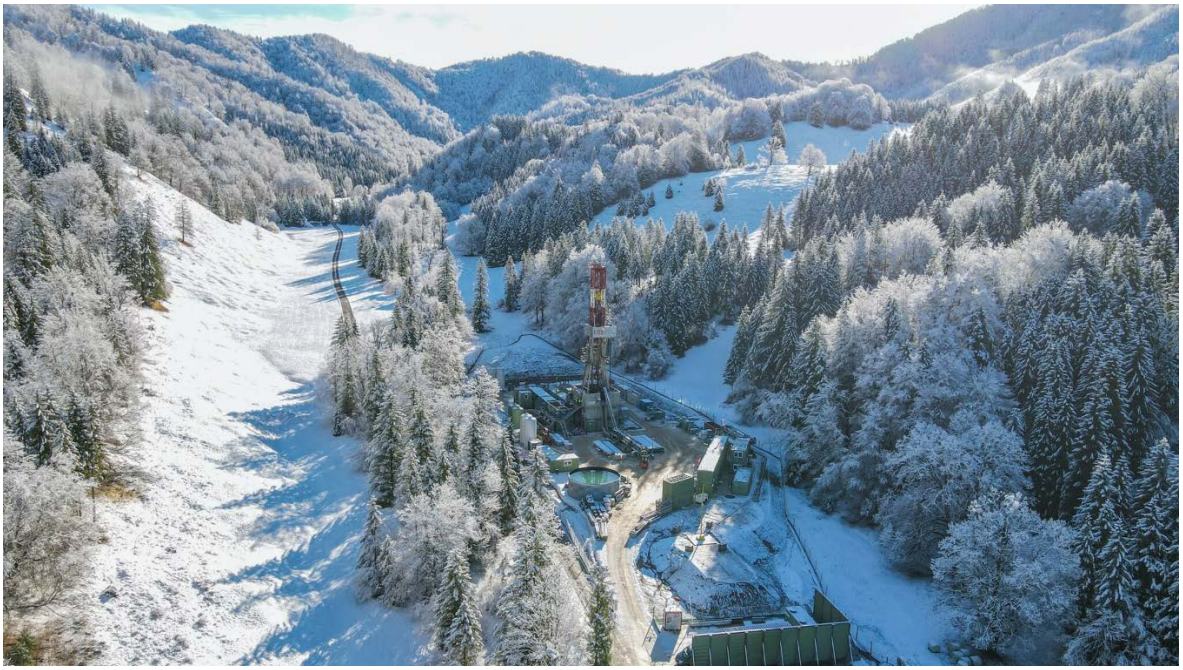
26 February 2024

Welchau Gas Exploration Well Update

Drilling Operations Report No 1

Key points:

- The Welchau-1 gas exploration well was spudded on the 24th of February using the RED Drilling & Services GmbH (RED) E200 drill rig in the ADX-AT-II exploration licence in Upper Austria.
- Operations at 6.00 am Central European Time (CET) on the 25th of February was drilling ahead in 17½ inch hole at a depth of 60 metres.



The RED E200 drill rig prior to well spud at the Welchau-1 location

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 condensate rich, pipeline quality gas at rate of 4.0 MMSCFPD in 1989.

ADX Executive Chairman, Mr Ian Tchacos, said, *"The Board of ADX is very pleased to confirm the commencement of drilling at the Welchau-1 well. The Welchau-1 well has attracted extensive media attention. Importantly Austrian news reports are very positive due to a growing recognition of the importance of gas exploration in Austria to provide security of supply, economic benefit and lessen the dependence on Russian gas imports."*

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 significant moveable hydrocarbons.

[1] Best Technical Prospective Resources reporting date 22.06.2023

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that the Welchau-1 gas exploration well was spudded on the 24th of February using the RED E200 drill rig in the ADX-AT-II exploration licence in Upper Austria (refer Location Map on figure 3). Well operations at 6.00 am CET on the 25th of February was drilling ahead in 17½ inch hole at a depth of 60 metres.

Figure 1: Final preparations, RED E200 drilling rig at the Welchau-1 drilling location

Summary of Well Program

The Welchau-1 gas exploration well is targeting the mid Triassic age Steinalm formation (refer to Well Prognosis on figure 2) in which gas was discovered at the nearby Molln-1 well. The expected total drill depth is between 1500m to 1900m measured depth. The main target depth is between 1100m and 1800m measured depth.

The success case drilling and evaluation program is anticipated to take approximately 39 days.

ADX Energy Ltd | ABN 50 009 058 646 -Registered and Principal Office Australia
29 Bay Road, Claremont WA 6010, Australia
Telephone: +61 8 9381 4266 | admin@adxenergy.com.au | adxenergy.com.au

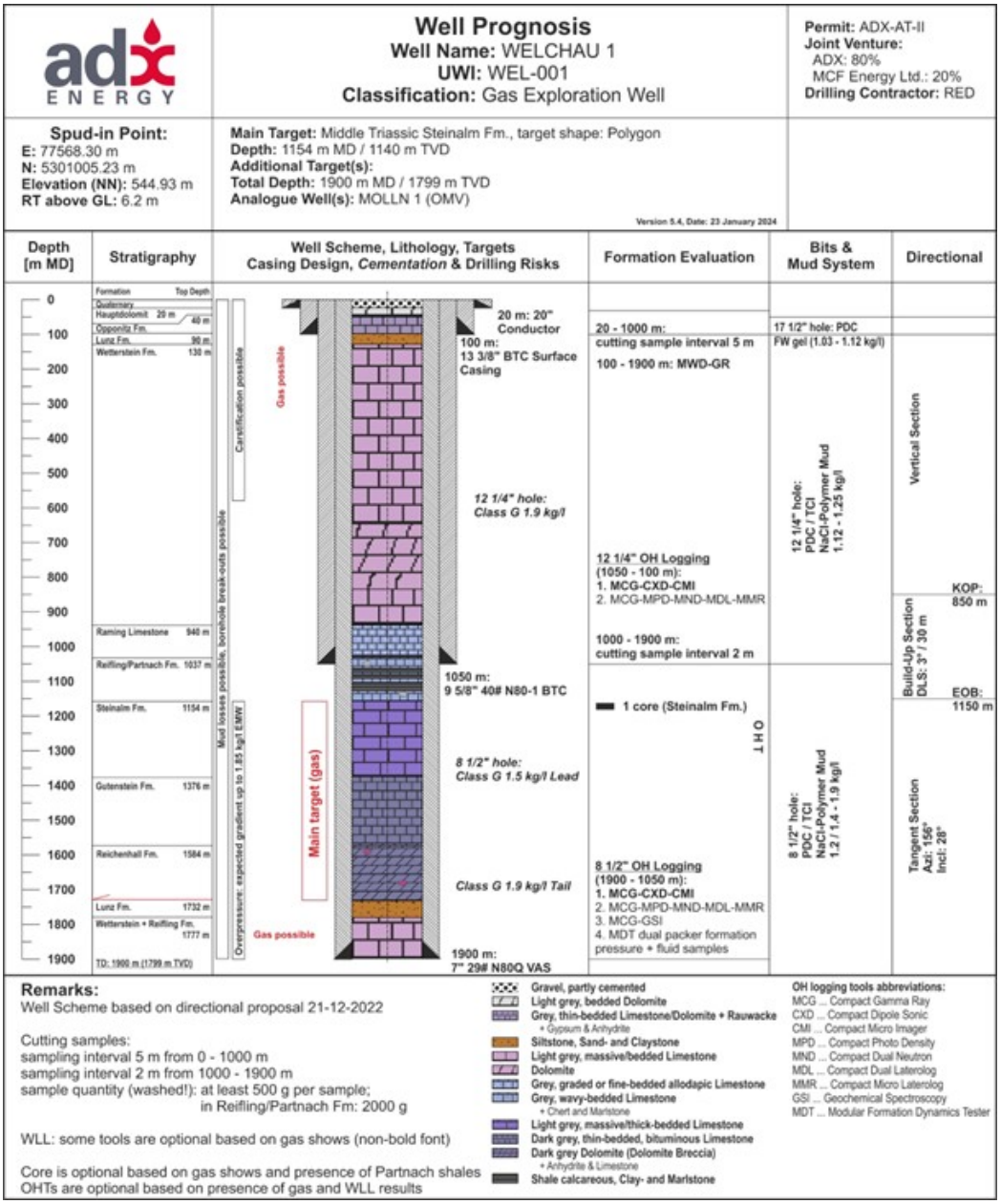


Figure 2: Well Prognosis for the Welchau-1 well

Community Engagement and Public Interest

The Welchau-1 exploration project has received extensive exposure in both television and print media in Austria due to its location proximal to a nature reserve. The project's environmental clearance was received following an extensive review process which weighed up the touristic and environmental impact of the project versus the local community and national benefits of a potential gas discovery at Welchau-1 which is located in the municipality of Molln.

Limited resistance to the project has been received from some special interest groups. Despite a vocal minority there has been overwhelming support for the project from the local community. The Welchau exploration project has been determined by the relevant authorities to be in the public interest due to its potential to reduce dependency on Russian natural gas imports, increase gas supply security, diversify gas supply, reduce reliance on imports and fulfill the Austrian federal mandate to explore and produce hydrocarbons.

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ADX and its partner are taking the necessary planning and operational measures to ensure natural gas exploration and if successful production can coexist with environmental protection and local tourism. To achieve the high standards required ADX has ensured the required safety, noise and environmental emission standards are met by the Company's contractors and service providers. ADX has endeavoured to maximise local content where there is an excellent past record of safety, environmental protection and project execution.

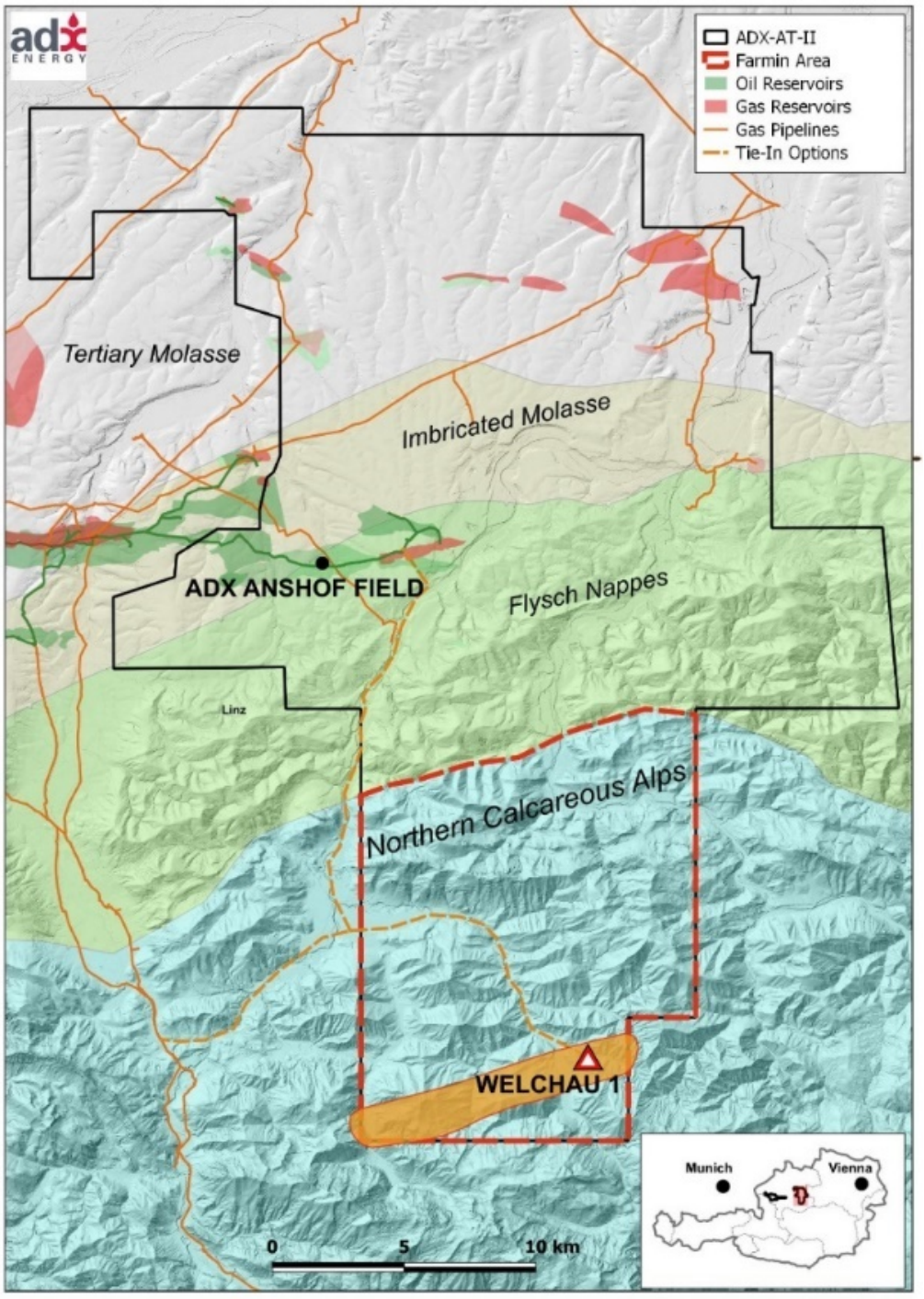

Figure 3: Map showing ADX-AT-II license area and the Welchau-1 drilling location in the Northern Calcareous Alps

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Economic Participation in the Welchau Investment Area

ADX has executed an Energy Investment Agreement with MCF Energy Ltd. via its subsidiary MCF Energy GmbH (MCF) to fund 50% of 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 which is part of ADX's ADX-AT-II licence in Upper Austria. The Welchau Investment Area contains the Welchau Gas Prospect and other emerging oil and gas prospects. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area. ADX holds a 100% economic interest in the remainder of the ADX-AT-II license other than the Anshof Discovery Area.

For further details please contact:

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 5.41 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 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 be 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.

Nomenclature and conversions used in this release

BBL means US barrel
MMBBLS means millions of US barrels
MCF means thousand cubic feet
MMCF means million cubic feet
BCF means billion cubic feet
TCF means trillion cubic feet
BOE means barrels of oil equivalent
MMBOE means millions of barrels of oil equivalent
MMSCFPD means millions of standard cubic feet per day

End of this Release

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