

24 April 2024

Italian Authorities Confirm Grant of ADX' Gas Exploration Permit In The Sicily Channel

*The total **Best Technical Prospective Resource potential** of five high graded gas prospects is **369 BCF**¹*

*The annulment of a decree limiting oil exploitation may enable the potential redevelopment of **Nilde Oil Field** with **2C Contingent Resource potential of 34.1 MMBLS**²*

Key points:

- ADX has been informed by the Italian ministry that the technical, financial and organisational capacity verification procedure on ADX has been completed with a positive outcome that will result in the granting of the **d 363C.R.-AX** gas exploration permit in the Sicily Channel, Offshore Italy.
- Technical studies undertaken by ADX during 2023 indicates that five high graded prospects have a **Best Technical Prospective Resource potential of 369 BCF**¹.
- On 12 February 2024, the Regional Administrative Court (Court of first instance – “**TAR**”) of Rome annulled the Plan for the Sustainable Energy Transition of Eligible Areas (“**PiTESAI**”). The PiTESAI plan limited the extent of hydrocarbon prospecting, exploration and production activities preventing oil redevelopment, appraisal and exploration activities in a highly prospective area which hosts one of the most productive reservoirs in the Mediterranean. The annulment, if not contested, will result in reversion to the 2018 legislation enabling oil as well as gas within the d 363C.R.-AX permit to be exploited.
- In 2018, it was estimated that the range of **Contingent Resources** was **19.2 to 65.6 million barrels of remaining oil**² and the **Prospective Resources range was 40 to 201 million barrels oil** (arithmetically added)³.

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.

Contingent Resources are those quantities of petroleum estimated, as of 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.

¹ Best Technical Prospective Resources reporting date 30.08.2022

² Contingent Resources reporting date for Nilde Field was 29.03.2018

³ Prospective Resources reporting date for the d 363 C.R.-AX was 21.04.2016

ADX Executive Chairman, Mr Ian Tchacos, said, “The grant of the gas rights within the d 363 C.R-.AX permit is a highly positive development for the ADX. The potential reversion of oil rights presents a valuable opportunity to redevelop the proven Nilde Oil Field together with a number of other highly prospective oil discoveries which can be developed with now commonplace subsea technology. The recognition of the importance of hydrocarbons to maintain energy security is a recurring theme in a number of jurisdictions. It is a credit to our team that the granting of the gas rights has been made possible as a result of ADX financial, technical and organisational capability. We look forward to reporting our progress in relation to this exciting reinstatement of value potential to the Company’s asset base.”

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that the Italian ministry has completed a technical, financial and organisational capacity verification procedure in relation to ADX’ wholly owned Italian subsidiary, Audax Energy S.r.l. (“Audax”) resulting in the granting of the d 363C.R-.AX gas exploration permit in the Sicily Channel, Offshore Italy (Gas Rights). Technical studies undertaken by ADX during 2023 indicated that five high graded gas prospects have a Best Technical Resource potential of 369 BCF¹. Refer to *Cautionary Statement in relation to **Prospective Resources** on Page 1 of this Release.*

In addition to the granted Gas Rights, the potential exists for a reversion to the 2018 legislative position which would enable the oil potential as well as the gas potential to be exploited with in d 363C.R-.AX permit area as a result of the recent annulment of the Plan for the Sustainable Energy Transition of Eligible Areas (“PiTESAI”). The PiTESAI plan limited the extent of hydrocarbon activities preventing oil redevelopment, appraisal and exploration activities including the extensive oil potential described below within Audax’ d 363C.R-.AX permit.

The PiTESAI had defined the areas “suitable” to carry out hydrocarbon prospecting, exploration and production activities within the national territory, considerably reducing the exploitation of national hydrocarbon deposits. In November 2022 a number of companies appealed against the PiTESAI in the Tribunale Amministrativo Regionale (“TAR”) the Regional Administrative Court. On 12 February 2024, the TAR ruled in favour of the companies and decided to abolish the PiTESAI which will result in reversion back to 2018 reference legislation if not contested.

Background Regarding Gas Rights

The Italian licensing authorities offered ADX the opportunity to ratify the d363C.R-.AX permit subject to a number of conditions including that only the gas potential within the permit may be commercially exploited. ADX submitted a report highlighting the excellent shallow gas prospectivity of the permit which is located in shallow water depths as well as follow-on reports outlining ADX’ financial, technical and organisational capability.

The total best technical prospective resource potential of five high graded prospects is 369 BCF (refer ASX announcement 30 August 2022). The five high graded prospects are considered as relatively low risk since they are simple 4-way dip anticline closures featuring a seismic amplitude response commonly known as Direct Hydrocarbon Indicators (“DHI’s”). An example of DHI related prospects is shown below.

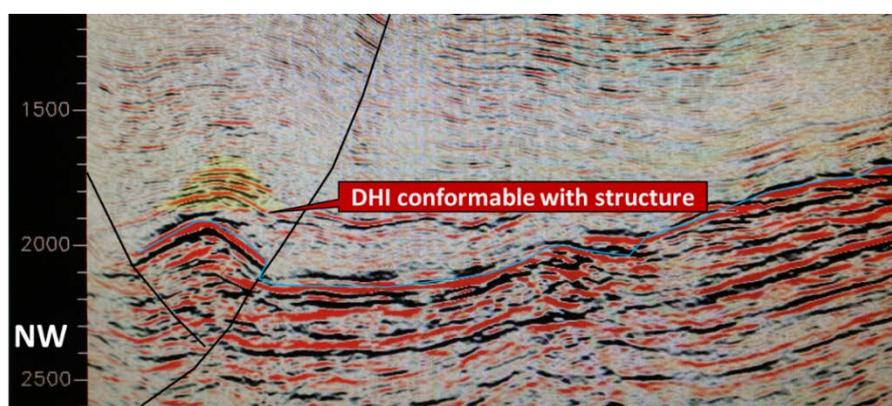


Figure 1: 2D Seismic section through an anticline with bright seismic events (yellow highlights) over the closure area, indicating potentially gas charged reservoir sandstones

Audax provided all necessary documents for the Italian Authorities to review the feasibility of gas exploration as well as the financial and technical capability of ADX. The pre-agreed work program foresees seismic data purchase and minimal 2D (300 line km) or equivalent 3D acquisition with an option to drop the license in permit year 4 or drill one well.

Background Regarding Oil Potential

The d 363 C.R.-AX 'Nilde' permit in the Sicily Channel, offshore Italy (Figure 2) is located in a water depth of 90-100 metres just over 60 km from the shore of the island of Sicily and comprises the Nilde Oil Field, which previously produced 20.5 million barrels of 39° API oil in the 1980s, two further oil discoveries Norma-1 and Naila-1, as well as an exploration inventory of 5 oil leads. Across the permit there are Contingent Resources of 19.2 to 65.6 million² barrels of remaining oil and Prospective Resources of 40 to 201 million barrels oil (arithmetically added)³

Refer to Cautionary Statement in relation to **Prospective Resources** on Page 1 of this Release

Note: ²Contingent Resources Reporting Date for Nilde was 29.03.2018 and ³Prospective Resources Reporting Date in d 363 C.R.-AX 21.04.2016.

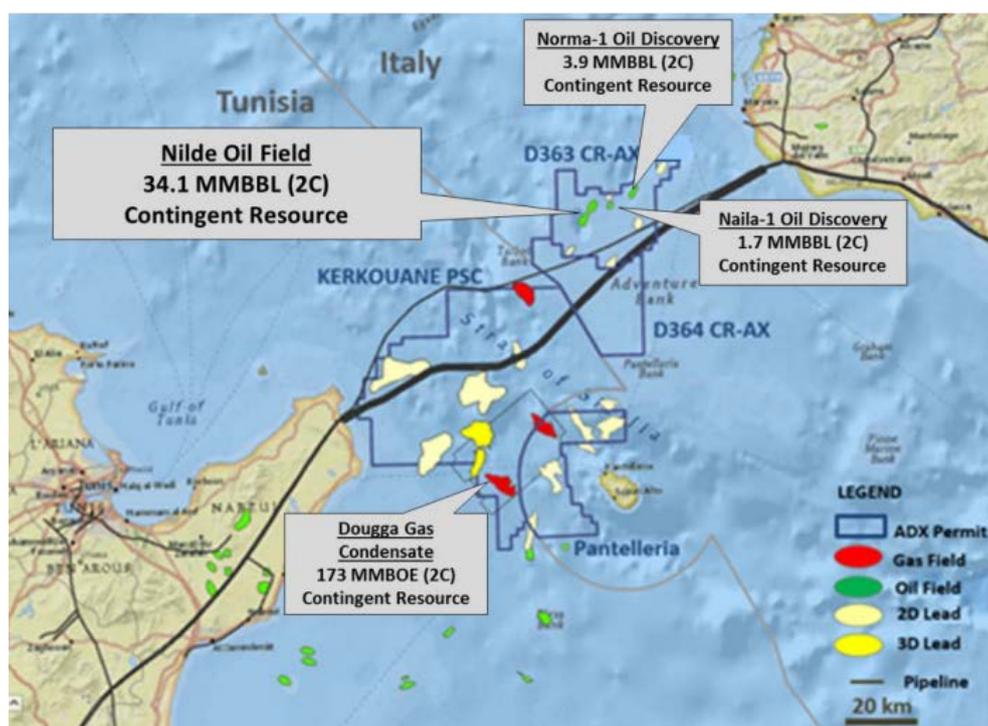


Figure 1: Shows the Geographic Location of the d 363 C.R.-AX 'Nilde' Permit in 2018 and the Nilde Oil Field as well as the Naila and Norma oil discoveries

An oil redevelopment project at Nilde will target the production of 34.1 mmbbl of 2C contingent resource² from 3 wells at an estimated initial production rate of 22,000 bopd. The potential economics of the Nilde redevelopment project are very robust due to highly productive reservoirs and excellent fiscal terms. The Nilde field produced 20.5 million barrels of 39° API oil from 1980-1989 from subsea infrastructure tied back to the Firenze First Generation Floating Production Storage and Offloading system ("FPSO"). The productive reservoir, known as the Nilde Formation, is a fractured limestone carbonate of Middle Miocene age and is located at approximately 1500 metres Sub Sea in a series of up-thrown folded and faulted blocks. It is a dual porosity system with both fracture and matrix systems contributing to production as well as a strong aquifer that have previously supported highly productive wells.

Note: ²Contingent Resources Reporting Date for Nilde was 29.03.2018

In 1989, the field was prematurely shut in due to the inability of the first generation FPSO to handle water production and a collapse in oil price from around US\$30/bbl to US\$14/bbl.

ADX has previously undertaken integrated subsurface and development feasibility studies in relation to Nilde with a view to the redevelopment of the field until the Italian Authorities introduced a moratorium on new oil developments.

Permit Participation and Operatorship

AUDAX is operator and upon grant will hold a 100% interest in the d 363C.R-.AX exploration permit.

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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.

Contingent Resources are those quantities of petroleum estimated, as of 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 P90 (90% probability), P50 (50% probability), and P10 (10% probability), respectively, for individual opportunities. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and relate 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.

End of this Release