

22 January 2025

Sicily Channel Permit Award

ADX Accepts Ministry Offer for Award of d 363 C.R-.AX Gas Exploration Permit, Offshore Italy

“The maximum permit area has been offered and accepted. Final formal award is expected during Q1 2025.”

Key points:

- ADX Energy Ltd via its 100% subsidiary Audax Energy S.r.l. made an application at a 100% interest to the Italian Ministry of Environment and Energy Security (Ministry) for the “d 363 C.R-.AX” permit (Permit) in the Sicily Channel, Offshore Italy (refer Figure 1). The application has been delayed since 2018 due to a moratorium on the award of new exploration licenses in Italy.
- Reflecting current national energy supply priorities, the Ministry has now verified the technical, organisational and economic capacity of Audax, offering the Permit with the maximum area of 346 km². The Permit has been offered and accepted in accordance with the current regulatory framework focusing on gas exploration. The formal approval of the Permit is expected within the next two months.
- ADX has previously advised that the best technical prospective resource potential of five high graded gas prospects was 369 BCF (refer ASX announcement 30 August 2022).
- The Permit is highly prospective for clean pure gas and future discoveries are likely to be commercially attractive. The key attributes for the Permit can be summarised as follows:
 - Proven existence of sweet gas in the Permit confirmed by several historical wells (i.e. Nilde-2 a historic well targeting deeper oil production).
 - Highly productive sandstone reservoirs with shallow drill (700 to 1300 m) and moderate water depths (100 m).
 - Availability of a large, high quality historical 2D seismic data set that can be reprocessed.
 - Attractive fiscal terms (10% royalty + 29% Effective Tax Rate), in conjunction with strong demand for Clean Gas¹ that is subject to the high prevailing gas prices in Italy and Europe generally.

Note 1: Clean Gas is hydrocarbon gas that is produced and processed to high European Union environmental standards limiting both CO₂ and Methane emissions.

- There are flexible permitting terms and low financial commitments.
- There are two proximal and geologically similar producing field areas (one onshore and one offshore), contributing to excellent local gas pipeline infrastructure (refer Figures 1 and 2), and;
- Italy has a positive, pro-development political environment in effect which supports European Clean Gas since the election of Giorgia Meloni and the formation of a centre-right coalition.

ADX Executive Director, Mr Paul Fink, said, *“The Board of ADX is delighted to accept the Sicily Channel Permit following a long political moratorium period. The relatively large Permit area is highly prospective for high quality gas, which is also proven by the close by and geologically similar ENI operated Argo-Cassiopea project, which commenced in August 2024. The demand for European gas, produced without CO₂ and methane emissions is high, as opposed to imported gas (LNG) that has significantly higher CO₂ emissions.*

“Gas is already proven in the Permit area by a number of wells including the historic Nilde-2 deeper oil production well drilled by ENI and Shell in the 1980’s. The Permit has a high quality 2D seismic data set which can be used to high grade prospects and is ideally located in shallow water proximal to infrastructure. It is envisaged that 2D seismic reprocessing and future 3D seismic will identify more gas prospects.

“It’s taken a while, but our persistence, as well as the development of our technical, operational and financial capability, means we have the opportunity to join existing producers and explorers ENI, Shell, Total and Energean (among others) as holders of highly prospective acreage in Italy.”

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that Audax Energy S.r.l. (Audax), a wholly owned subsidiary of ADX Energy Ltd, has submitted a letter of acceptance to the Italian Ministry of Environment and Energy Security (Ministry) for the award of the “d 363 C.R.-AX” permit (Permit) in the Sicily Channel, Offshore Italy. The acceptance letter submitted by Audax was in response to a letter from the Ministry on the 15th of November 2024, requesting the confirmation of the maximum acreage area (346 km²) and the acceptance of the current legislation limiting operations to gas exploration and exploitation.

A formal permit agreement is expected during the first quarter of 2025 following a meeting with the main local authorities involved, including the Port Authority, Harbour Master's Office, Financial Police and the Fire Department.

Prospectivity Overview

An assessment of the Permit’s gas potential was announced in 2022 (refer ASX announcement 30 August 2022) advising that the best technical prospective resource potential (recoverable) of five high graded gas prospects is 369 BCF. Five already identified prospects (2022 Assessed Prospects) are considered relatively low risk since these are mainly relatively simple, 4-way dip anticline closures featuring seismic amplitude responses (Direct Hydrocarbon Indicators or “DHI”). These are already visible on historic 2D seismic data acquired by ENI and Shell in the eighties and nineties

The original ENI seismic data that is available to ADX also shows additional stratigraphic leads, based on DHI’s. The stratigraphic potential is in addition to the structural traps forming the high-graded 2022 Assessed Prospects. The stratigraphic traps have large upside resources potential due to the possibility of stacked gas reservoirs as is the case at ENI’s Argo-Cassiopea offshore gas producing area. In such a case, the upside potential is at least 4 to 6 times that of the structural, 2022 Assessed Prospects’ best technical case that includes only one gas reservoir. Figure 3 below shows examples of leads that exhibit reservoir stacking.

Gas has already been confirmed in the Permit from shows encountered during the drilling of the historic Nilde-2 production well and other exploration wells targeting deeper oil that all encountered sweet, high- quality gas in the shallower drilled section during drilling in the 1980’s. The drilling depth for the currently identified and assessed prospects are in the range of just 700 to 1300 m. It is expected that reprocessed 2D seismic and 3D new seismic will likely identify further prospects as well as stacked gas reservoirs as seen in ENI’s Argo-Cassiopea producing project.

The 2022 Assessed Prospects are based on Miocene-Pliocene aged reservoirs identified by wells and 2D seismic. Similar reservoir productivity is expected as the onshore, shallow Lippone – Mazara producing gas field, which exhibits very high porosities (approximately 33%).

The nearby ENI Argo Cassiopea Project to the southeast of the Permit has similar (slightly younger) Miocene-Pliocene discoveries that are now producing gas from two fields with approximately 360 BCF of reserves. As a result several, stacked gas reservoirs have created large reserves in a relatively small structural area.

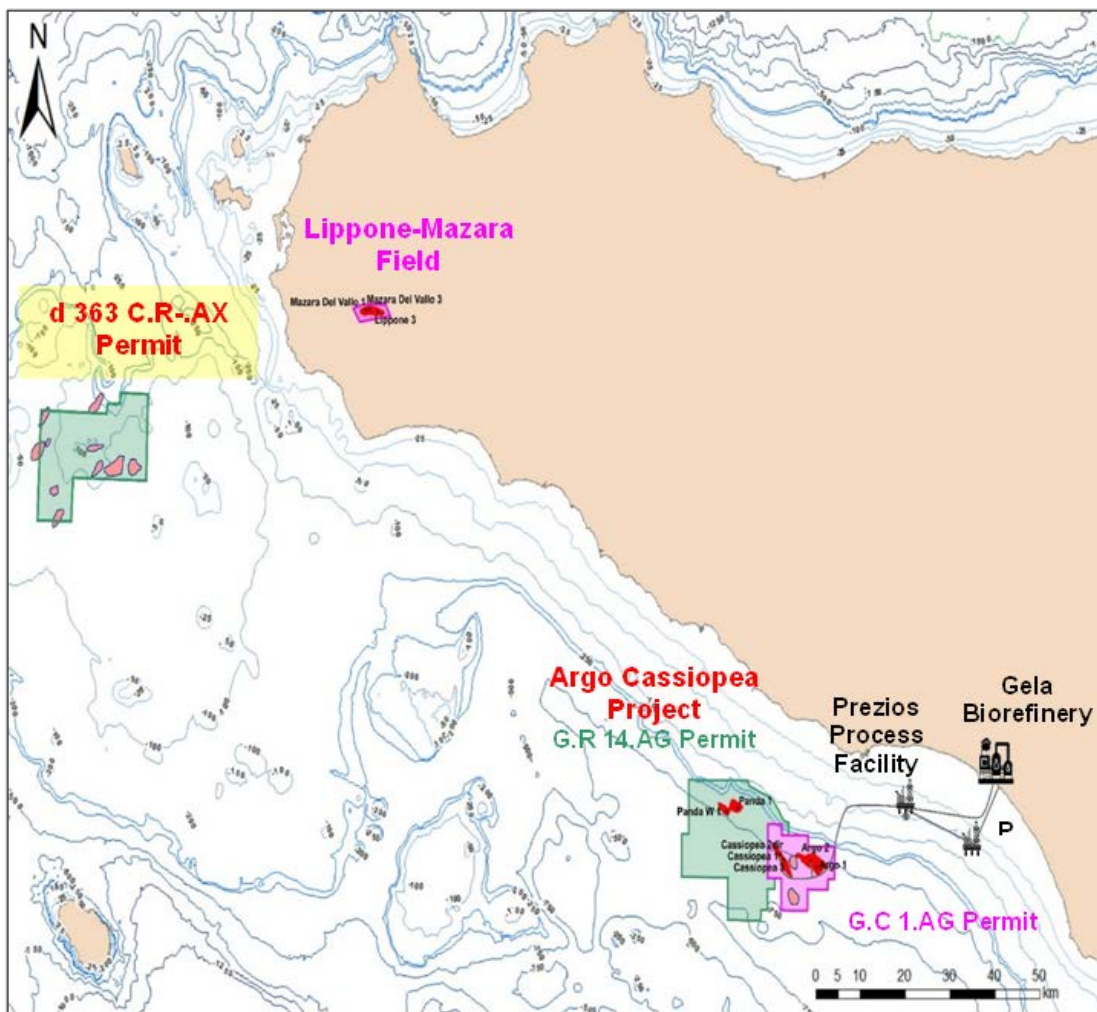


Figure 1: Location map showing the Permit, bathymetry and producing fields with analogous gas reservoirs

An extensive 2D seismic data set acquired between 1967 and 1990 is also available for purchase from ENI. The existing 2D seismic quality available to ADX already indicates the ability to identify the presence of Upper Miocene to Pliocene sandstone reservoirs (Figure 3).

Reprocessing of 2D seismic will likely show the difference between sandstone reservoirs filled with water versus reservoirs filled with gas. Mapping on existing seismic data clearly indicates the presence of basic, four-way dip structures, faulted structures as well as stratigraphic leads (Figure 3). Source rocks for gas are likely organic rich marine shales of Miocene and possibly also Eocene and Upper Cretaceous age. It is envisaged that additional prospects and stacked gas pay reservoirs will likely be added to the current leads and prospects inventory by the Company improving the 2D seismic with reprocessing and with new 3D seismic.

Commercial Overview

The combination of shallow water, shallow drill depths, high porosity reservoirs, excellent pricing conditions and favourable fiscal terms is likely to result in the commerciality of any gas discovery having resources greater than 100 BCF.

Commerciality is further enhanced by the recent development of ENI’s Argo Cassiopeia Project and the related offshore and onshore infrastructure which would be suitable for subsea tie backs. In addition to the Argo Cassiopeia Project system, the Permit is adjacent to the major, Transmed pipeline with an entry point at Mazara Del Vello (near to the Lippone- Mazara Field) that is also proximal to the Permit (see map below).



Figure 2: Location map showing Transmed and Greenstream pipeline systems proximal to the Permit.

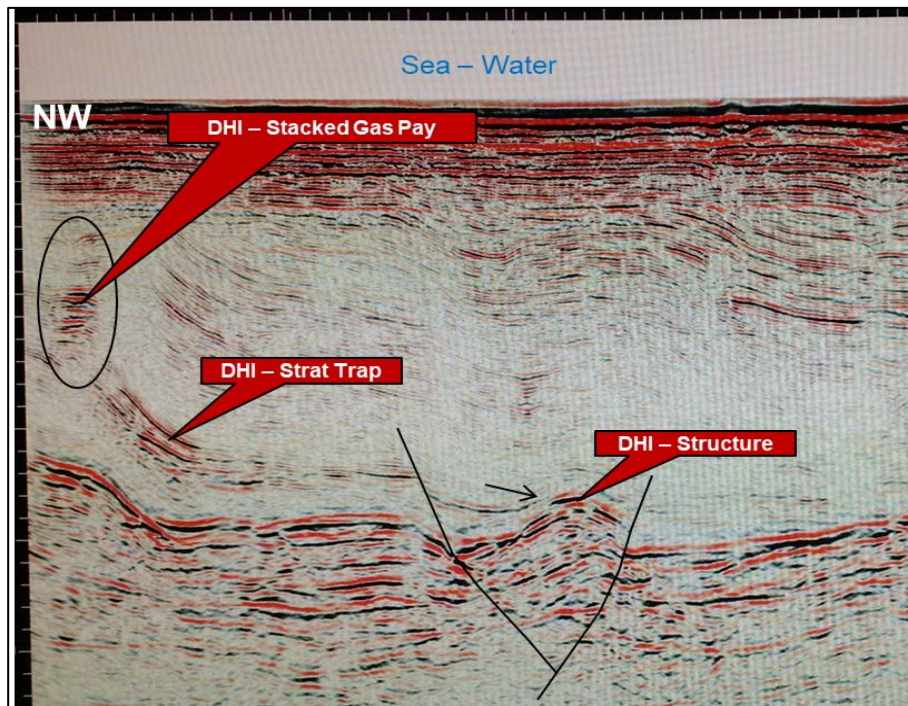


Figure 3: High quality 2D seismic showing several different styles of gas reservoirs and trapping mechanisms (Leads)

Italy has a favourable fiscal regime with a royalty rate of 10% and an effective tax rate of 29%. Gas pricing is based on import related pricing contracts. Italy has a relatively low- cost environment with a well-developed national gas infrastructure, making access inexpensive. There are more than 30 exploration and production companies active in Italy including ENI, Shell, Total, Engen and Gas Plus.

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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 5.31, 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).

End of this Release