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ADX Energy Ltd

## **NILDE OIL REDEVELOPMENT PROJECT OPERATING APPROVALS UPDATE**

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ADX Energy Ltd (**ASX:ADX**) advises that pursuant to its application to operate via its subsidiary Audax Srl (**Audax**) in the d 363 C.R.-AX Permit (**Permit**) which contains the Nilde Redevelopment Project, the designated Italian Regulatory Authorities (**Authority**) have advised ADX that in the opinion of the Authority ADX has insufficient financial capability to fulfil its Permit commitments. ADX has the right to file an objection to the Authorities evaluation as part of the application process. In the same notification the Authority has advised Audax that, with the support of ADX, Audax has the necessary technical and HSSE capacity in line with the legislation.

The financial evaluation by the Authority takes into account ADX's obligations for other licenses in Romania and Tunisia without knowledge of recent or potential transactions which provide financial support across ADX's asset base. In addition the Authority has not taken into account recent financial data or financial support commitments by ADX to its subsidiary Audax. As a result, ADX believe the Authority has not undertaken its evaluation on current or appropriate information. In the opinion of ADX's Italian lawyers, the financial evaluation by the Authority is unreasonable and extends beyond the financial evaluation criteria in the legislation. Notwithstanding the compliance by ADX with all the elements provided by law, the Authority have added an additional requirement in their evaluation (not provided in the law) to have in advance the capacity to bear the expenses foreseen for the future activities both in the Permit and other ADX projects. This is despite ADX not being obliged, based on the Permit work program commitments, to drill a well until year 5 of the Permit.

ADX, pursuant to the application process, will file an objection to the Authority in the coming weeks with a view to securing a successful license to operate with an outcome based on an evaluation by the Authority ensuring the use of appropriate information and the appropriate evaluation criteria.

It is regrettable that ADX's ability to operate in the permit will be further delayed however ADX believes it is well positioned to secure a positive outcome on the issue of financial capability having secured a positive judgement in relation to its operating, health, safety, social and environmental capability.

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