

29 July 2019

lecea Mica-1 Well – Drilling Operations Update

ADX Energy Ltd

SUMMARY OF RELEASE

- Access road construction completed and drill pad site works commenced with completion concurrent with Rig mobilisation.
- All major equipment items have been delivered (Casing, Well heads etc).
- Well conductor pipe pre installed in preparation for drilling.
- Rig mobilisation expected to commence on 29 July 2019.
- Commissioning and well spud expected week commencing 4 August 2019.

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REFER TO ATTACHMENT FOR A WELL SUMMARY INCLUDING PROSPECTIVITY ASSESSMENT

ADX Energy Ltd (ASX Code: **ADX**), is pleased to provide this progress update in relation to operational readiness for the lecea Mica 1 appraisal well located in the lecea Mare production license (“Production License”), on shore Western Romania. Road and site construction operations are nearing completion which will enable the mobilisation of the drilling rig to commence during the coming week. All major equipment items have now been delivered and the surface conductor pipe was installed on the 23rd of July 2019. ADX expects that rig mobilisation will commence on the 29th of July 2019 and well spud is expected to occur approximately 8 days afterwards following completion of rig assembly, testing and commissioning. ADX will commence weekly operations reporting following the commencement of Rig mobilisation.

The Production License is owned 100% by ADX Energy Panonia SRL, a wholly owned subsidiary of Danube Petroleum Limited (Danube). ADX holds a 63% shareholder interest in Danube and is contract Operator for the License and the surrounding Parta Exploration Permit (“Permit”) in which the Production License is located. The well is being funded through equity contributions of approximately US\$3 million in Danube by 37% shareholder, Reabold Resources PLC (“Reabold”).



lecea – Mica-1 Wellsite Location



Well Access Road Construction – showing road completion and membrane (geotextile)



lecea Mica – 1 Well Casing delivery.



lecea Mica – 1 Well Conductor Casing Installation

Asset Ownership Structure

ADX holds a 63% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its' Romanian subsidiary, ADX Panonia, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the lecea Mare Production license.

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IECEA MICA-1 WELL SUMMARY

Key Points

- The upper 2350 metres of Iecea Mica 1 (IM-1) appraisal well is effectively a redrill of a historic discovery well drilled in the 1980's.
- IM-1 will evaluate multiple gas zones mapped on 3D seismic including a flow tested gas zone and a deeper uncontrolled gas flow in the historic discovery well.
- The Contingent Resources based on an Independent Experts Report of well data with recently acquired 3D seismic is 6.1 Bcf 2C and Prospective Gas Resources are 13 Bcf Best Estimate. ^{Note 1}

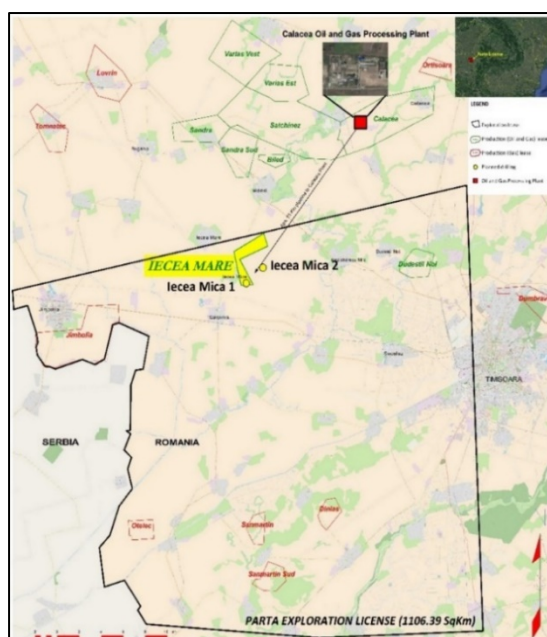
Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

- The well will be deepened to a depth of 2600 meters to evaluate larger untested exploration potential which is a proven Oil play in other fields in the basin ("Basement Play").
- The *Best Case Prospective Resource* for the deeper exploration upside potential accessible by the well is 16 Bcf (for a gas success case) and 2 MMBLS (for an oil success case) ^{Note 1}.
- If the deeper exploration target is successful it is expected to de-risk several follow up prospects with good upside potential which ADX has identified both on 3D and 2D seismic.
- The well has the additional benefit of being proximal to infrastructure for both gas, oil and electricity enabling low cost, highly profitable commercialisation.

Note 1: Refer to ASX announcement 20/3/2019, ADX confirms that it is not aware of any new information or data that materially affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.

Well Overview

ADX together with Danube's 37% shareholder, Reabold have elected IM-1 as the first drilling candidate for the two well Parta Appraisal Program. IM-1 is located in the Iecea Mare Production License which is within the Parta Exploration License in the Panonian Basin, onshore Romania.



Location Map – Showing IM-1 Well location, Iecea Mare Production License and Parta License

Well Prognosis and Resource Potential

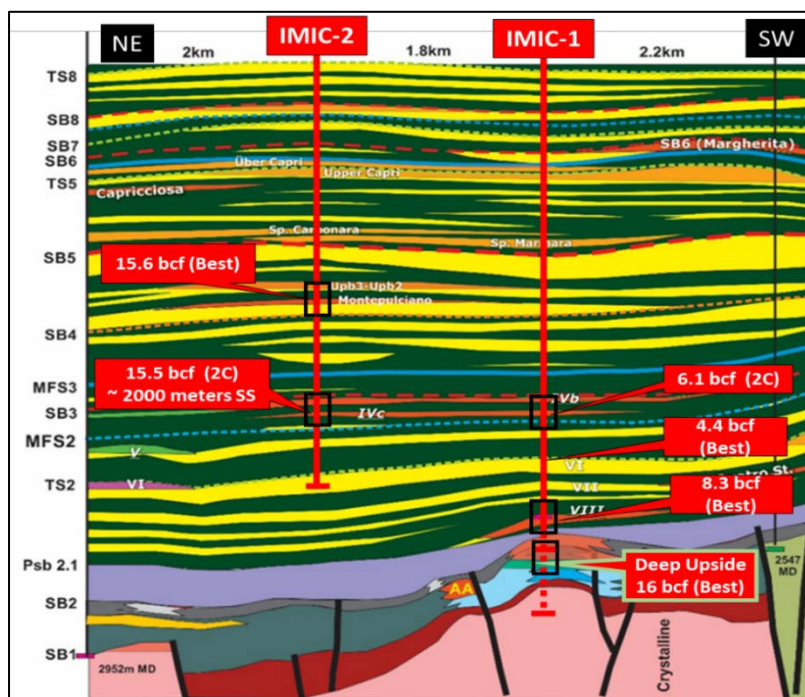
IM-1 is a structural trap targeting multiple (Pliocene to Miocene) pay zones including established appraisal potential from historic wells drilled in the 1980's that were tested but never produced as well as deeper not tested exploration potential defined on recently acquired 3D seismic. The independently assessed contingent and prospective resource potential of IM-1 is summarised in the following table extracted from the ERC Equipose Independent Report (ERCE). This evaluation excludes deeper exploration potential which can be accessed by the IM-1 well. The first proven, previously flow tested gas reservoir section is the Pa IV sand in the IM-1 well. That zone is expected to be encountered at a depth of ca. 1940 meters TVDSS.

ERCE Independent Resource Estimates* for Parta Appraisal Program

Recoverable Hydrocarbon Volumes			ERCE Estimates		
Prospect	Target Reservoir	PRMS Category	P90 (bscf)	P50 (bscf)	P10 (bscf)
IM-1	Pa IV	Contingent ¹	2.0	6.1	16
IM-1	Pa VI	Prospective ²	2.4	4.4	7.3
IM-1	Pa VIII inf.	Prospective	2.7	8.3	21.3
IM-2	PsB4.3	Prospective	5.4	15.6	39.1
IM-2	Pa IV	Contingent	4.8	15.5	43
Total Program		Contingent	6.8	21.6	59.0
Total Program		Prospective	10.5	28.3	67.7

* Refer to ASX announcement 11 July 2018, ADX confirms that it is not aware of any new information or data that materially affects the information included in that market announcement and that all the material assumptions and technical parameters underpinning the estimates in that market announcement continue to apply and have not materially changed.

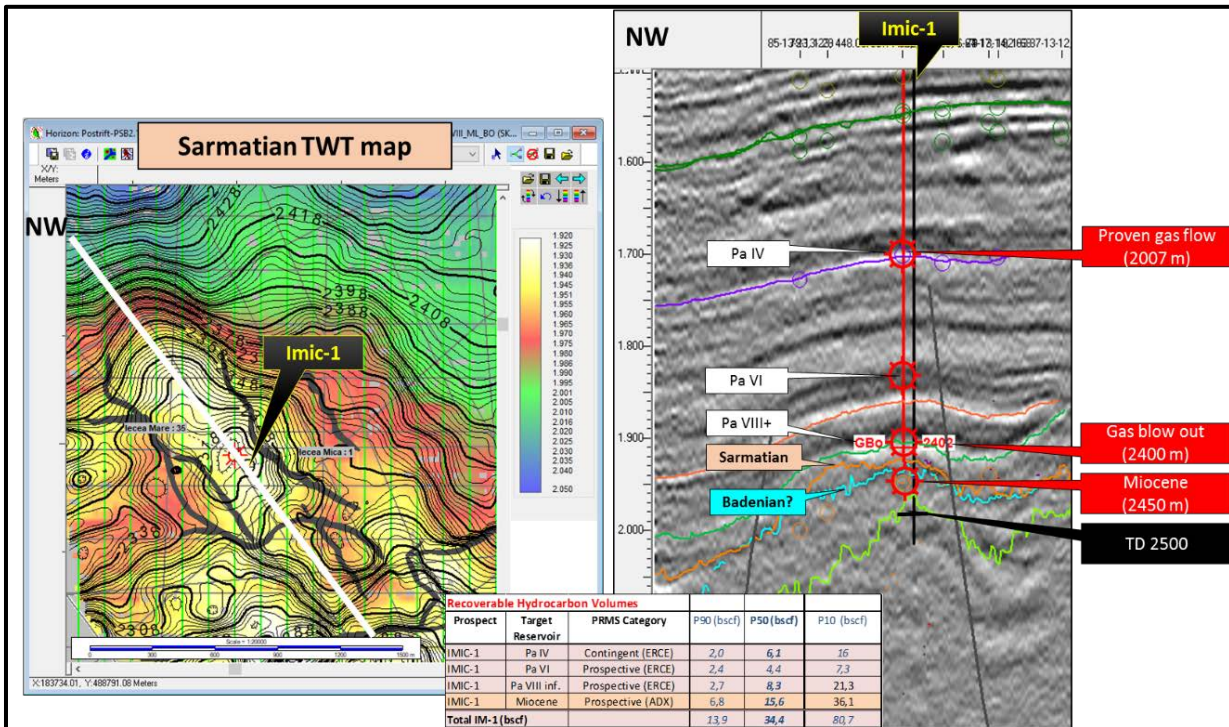
1. **Contingent Resources** are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded
2. **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 explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



A Simplified Stratigraphic X section through IM-1 and IM-2 showing the potential deeper Badenian (Miocene) build up carbonate play or the alternate fractured basement play.

In addition to the ERCE independently assessed Contingent and Prospective Resource volumes shown in the previous table, IM-1 offers a larger deeper exploration potential which was not included in ERCE's estimates that can be reached within the current planned 2500 meters TD of the IM-1 well. It is predicted that the well will test a Badenian (Miocene) calcareous sandstone and/or a proven fractured basement play which has been successful in the Satchinez and Calacea fields 12km to the north of IM-1 well location. The Miocene Badenian age carbonate build up play is proven by gas discoveries to the East. Either one of, both of, or none of the deeper upside exploration plays may be present.

The Pa IV (Pannonian – Pliocene) horizon intersected in the original exploration discovery well tested at a rate of 1 MMSCFPD in 1989. It is expected the IM-1 well, with modern drilling and completion practices, will achieve significantly higher rates from this zone. Depending on which hydrocarbon charge model is assumed for the previously undrilled, deeper exploration plays there is also potential for an oil discovery at basement level. It should be noted that the previous Iecea Mare production license operator assessed the potential of the for the basement play to be in excess of 2 mmbbls of recoverable oil. ADX estimates 16 bscf for a best case recoverable prospective gas resource, assuming the intersection of a Miocene Badenian age (Miocene) calcareous sandstone is encountered as a gas bearing reservoir in a deeper exploration play success case. Based on nearby well data the intersection of potential basement reservoir is considered the most likely outcome.

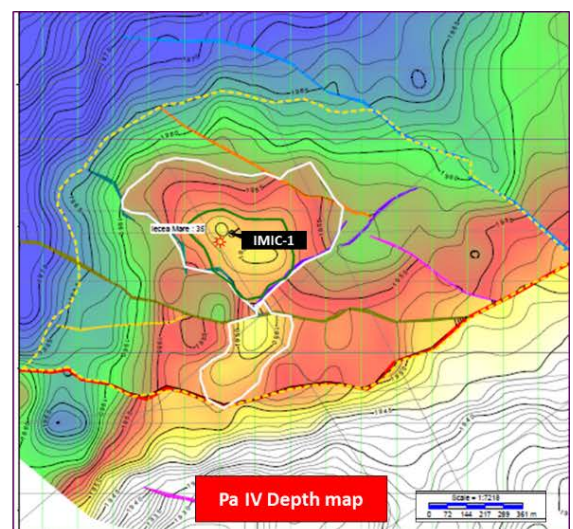
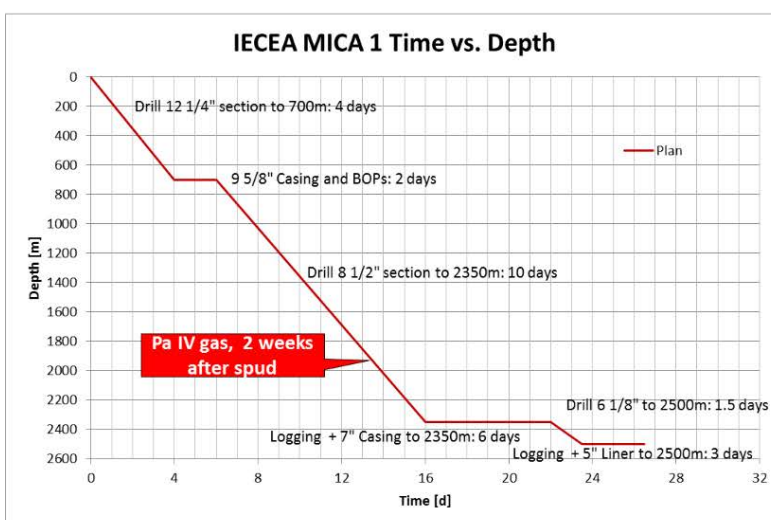


IM-1 Map and 3D Seismic Section through IM-1 well location

The above 3D seismic section through the IM-1 well location highlights the various currently identified reservoir targets and their respective depths. Note that the original exploration well only had electric logs down to the Pa VIII reservoir. The well was deepened further but experienced a major kick and overpressure around 2400 meters TVD that was not able to be tested. This is described as an uncontrolled flow in some old well reports for the discovery well.

Well Design

Due to expected overpressure starting around 2400 meters (“the historic well blow out reservoir”) 7” casing is programmed to be run to a depth of 2350 meters TVDSS. The well will then be drilled through the overpressure zone in a smaller 6 1/8” hole size and will reach TD around 2600 meters.



The most likely well cost estimate for the well is approximately US\$3 million, including evaluation, logging and running casing. The above mentioned cost estimate does but not include well testing operations

which are planned to be undertaken with a much smaller and cheaper work over unit. Included in the well cost estimate is a well head and production tubing which has already been purchased.

The IM-1 well is designed to enable the evaluation of an over pressured zone encountered in the original discovery well as well as highly prospective and potentially material deeper exploration targets not reached previously. These deeper exploration targets which are now mapped on 3D seismic are particularly exciting due to their materiality and the fact they can potentially be reached at minimal incremental cost.

End of Release