

30 April 2020

Activities Report For Quarter Ended 31 March 2020

HIGHLIGHTS OF MARCH 2020 ENDING QUARTER ACTIVITIES

Operations

Austrian Onshore - Zistersdorf and Gaiselberg Production Assets:

- 🔥 **Production** during the quarter averaging 290 BOEPD. **Forecast production** during quarter beginning April 2020 approx 320 BOEPD.
- 🔥 **Swap contract** guaranteeing an average Brent price of US\$ 50.64 for 40% of forecast proven (1P) oil production over a 10-month period commencing 1 March 2020. Hedging counterparty is BP.
- 🔥 **A put and collar structure** for 25% of forecast proven (1P) oil production from 1 April to 30 December 2020 guaranteeing a minimum Brent price of US\$ 30 per barrel while retaining pricing upside up to US\$ 44 per barrel and any further upside in Brent price above US\$ 59 per barrel.
- 🔥 **Work over program** commenced for routine work overs and access to behind pipe potential.
- 🔥 **Land Transfer** to ADX of 31 acres of agricultural land (including vineyards) associated with the Gaiselberg and Zistersdorf fields acquisition.

Onshore Romania – Iecea Mare Production License and Parta Exploration License: -

- 🔥 **IMIC -1 testing** delayed by approximately 2 months due to the COVID-19 border closures preventing some essential operational services to be sourced.
- 🔥 **IMIC -2 drill site preparations** commenced with expected well spud expected in late Q3 2020.
- 🔥 **3D seismic acquisition** is expected to commence in July 2020 when COVID-19 border closures are expected to be lifted.

Finance and Corporate

- 🔥 **Convertible Loan Facilities** finalised in July 2019 (ASX Announcement 16/7/2019) A\$1,050,000 of these loan facilities were converted to shares in January 2020.

PLANNED ACTIVITIES QUARTER 2, 2020

- **Austrian Onshore - Zistersdorf and Gaiselberg Production Assets** – completion of well work over program to enhance production.
- **Onshore Romania – Iecea Mare Production License** - Testing of Iecea Mica-1 well and preparation for Parta exploration 3D seismic acquisition.

OPERATIONS REPORT

Production Activities

Zistersdorf and Gaiselberg Production Assets , Vienna Basin - Onshore Austria

ADX is operator and holds a 100% interest in the production licenses.



Production Operations

Despite the difficult conditions currently faced by the oil and gas industry ADX has continued to make progress establishing its Austrian business and remains operationally and financially robust.

Production from the recently acquired fields continues to perform above pre-purchase expectation. The presence of highly automated, reliable production infrastructure and direct access by pipeline to the local OMV refinery in Vienna ensures security of sales revenues. Despite restrictions in Austria due to the COVID-19 virus ADX has been able to execute the majority of planned well work over jobs with a German rig contractor to enhance field production.

Field personnel have been subdivided into two separated shifts which ensures continued operations, maintenance work and workover work. All workspaces have been set up to allow individual isolation so that in the unlikely case of a COVID-19 infection the safety for others can be ensured at all times.

In addition to ongoing production operations our Austrian technical team has identified, matured and quantified a number of field development opportunities as well as appraisal opportunities to add to ADX existing reserves and resources. ADX has engaged an independent consulting group to independently audit ADX Austrian reserves and resources and is looking forward to disclosing results

to shareholders during the second quarter of 2020.

Due to the COVID-19 pandemic the ADX Vienna team has worked from home since mid-March. ADX is fortunate to be operating in a jurisdiction where the effects of the COVID-19 on its work force are recognised and ADX will be compensated for up to 30% of its total salary costs, including health service contributions and superannuation.

Production during the quarter averaged 286 BOEPD which was slightly below expectation due to an emulsion problem reducing production by approximately 10%. The rectification of the emulsion and the contribution of production from wells bought back on-line during the well work over program is expected to result in an average production rate of approximately 320 BOEPD during the quarter beginning April 2020.

Table 1:

Quarterly Production Summary				
	January	February	March	Quarter Total
Crude Oil Sold (Barrels)	8,194	7,431	7,886	23,511
Gas Sold (M ³)	137,430	145,310	128,850	411,590
Total Oil Equivalent (BOE)	9030	8315	8670	26,015
Average Production Rate (BOEPD)	291	287	280	286

Revenue and Product Pricing

Tables 2 and 3 below summarise product pricing and resulting revenues from sales which diminished during the quarter primarily due to the drop in Brent oil price due to the COVID-19 Pandemic and the OPEC price war. Sales revenues have been supplemented as a result of hedging contracts described below which took effect in March.

Table 2:

Quarterly Sales Price Summary				
	January	February	March	Quarter Average
Average Oil Pricing (US\$ per Barrel)	63.5	55.4	31.8	50.3
Average Gas Price (Euro per M ³)	0.16	0.14	0.11	0.14

Note: Above pricing is net quality differential, handling fees and transport to the OMV refinery.

Table 3:

Quarterly Sales Revenue Summary

	January	February	March	Quarter Total
Crude Oil Revenue (Euro)	429,219	345,847	206,769	981,834
Gas Revenue (Euro)	20,640	18,757	12,822	52,220
Total Revenue (Euro)	449,859	364,603	219,591	1,034,054

During the quarter ADX executed agreements with BP to hedge the equivalent of 40% of ADX VIE GmbH (ADX wholly owned Austrian subsidiary) (ADX VIE) proven oil production profile for a period of 10 months. The hedging instruments are Dated Brent swaps at a fixed price of US\$ 50.64 per barrel over the period from 1 March 2020 to 31 December 2020. ADX VIE's oil sale revenues are indexed to Dated Brent price.

ADX has developed a hedging strategy to cover the majority of the operating costs associated with the ADX VIE's oil and gas production at the Gaiselberg and Zistersdorf fields. Implementing the hedge was undertaken after demonstrating the credit worthiness of ADX VIE via a track record of revenue and costs from the fields since their purchase in early December 2019. The hedging is intended to maintain profitability during a period of oil price volatility due to the COVID-19 Pandemic and OPEC instability.

Subsequently ADX executed further agreements with BP to hedge the equivalent of 25% of ADX VIE's proven oil production profile for a period of 9 months. The hedging structure over the period from 1 April 2020 to 31 December 2020 are a reparticipation collar which has been priced as follows:

- A Put (buy) option at a strike price of USD 30.00 per bbl Brent.
- A Call (sell) option at a strike price of USD 44.00 per bbl Brent.
- A Call (buy) option at a strike price of USD 59.00 per bbl Brent.

Table 4 shows revenues from hedging contracts. Revenues from the abovementioned swap contract commenced in March 2020. The put and call options contract commenced in April 2020.

Table 4:

Quarterly Hedging Revenue Summary

	January	February	March	Quarter Total
Price Swaps Profit (Euro)	-	-	59,130	59,130
Put Options Profit (Euro)	-	-	-	-
Total Revenue (Euro)	-	-	59,130	59,130

Table 5:

Total Revenue (Sales & Hedging) Summary

	January	February	March	Quarter Total
Oil Revenue (Euro)	429,219	345,847	265,899	1,040,964
Gas Revenue (Euro)	20,640	18,757	12,822	52,220
Total Revenue (Euro)	449,859	364,603	278,721	1,093,184
Total Revenue (A\$) ^{Note 1}	749,765	607,672	464,536	1,821,974

Note1: Exchange Rate - 1 A\$ = 0.6 Euro

Current Quarter Planned Activities include;

- ◆ A well work over program commenced during the past quarter will continue during the second quarter of 2020. The program is a combination well maintenance and accessing behind pipe potential that is expected to enhance production by approximately 15 to 20%. The capital program is being funded from production revenues.
- ◆ A base line reserves assessment was commenced during the first quarter of 2020 that will be followed by an Independent Evaluation Report during the second quarter of 2020.
- ◆ Evaluation and planning work are ongoing in relation to infill development wells and appraisal opportunities in the Zistersdorf and Gaiselberg fields. These opportunities will most likely be deferred to 2021 when it is expected that the oil price will recover.
- ◆ Ongoing pursuit of further collaboration opportunities pursuant to a non-binding letter of intent in relation to other assets in Upper Austria.
- ◆ Ongoing discussions are being held with the Austrian licencing Authorities in relation to exploration license applications in a prospective area in Upper Austria previously surrendered by RAG.

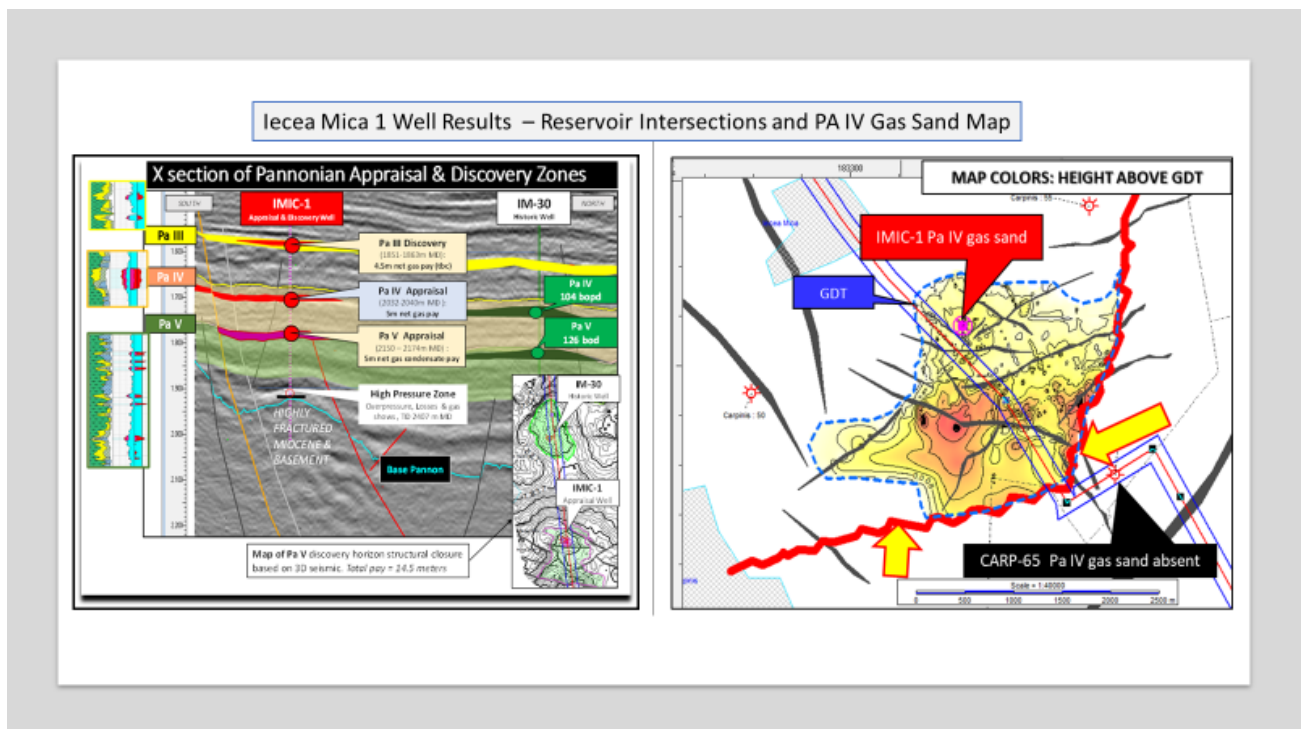
Appraisal and Exploration Activities**PARTA APPRAISAL PROJECT and PARTA EXPLORATION PERMIT – Onshore Romania**

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its' wholly owned subsidiary, ADX Energy Panonia srl, 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 Iacea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

Since late March Romania has closed its borders restricting access to essential personnel and imported goods due to the COVID-19 Pandemic. Based on Romanian government notifications

Romania’s borders are likely to remain closed at least until the 15th of May 2020. As a result a number of oil field services can’t be accessed during this period which has delayed a number of planned appraisal and exploration activities. The ability of ADX operations to resume will also depend on the status of border closures in neighbouring countries such as Germany and Hungary.

IMIC – 1 Well Testing: The timing of the testing program was initially determined by the time required to manufacture and deliver well down hole well equipment which enable the well to be completed and tested as a future production well without further intervention. Testing will concentrate on the PA IV sand which is a proven reservoir and has the greatest reserves potential of the 3 reservoir intervals intersected in the IMIC-1 well, including the large stratigraphic upside potential which will be further quantified with the planned high resolution 2D seismic (*see below*).



IMIC-1 Contingent Recoverable Resources Estimates (Note 1)					
Discovery Well	Hydrocarbon Reservoir	Reservoir Top Depth (meters MD)	1C (bscf)	2C (bscf)	3C (bscf)
IMIC-1	Pa III	1851	1.9	2.7	3.9
IMIC-1	Pa IV	2033	3.0	11.0	40.0
IMIC-1	Pa V	2140	2.3	6.3	10.8
TOTAL Arithmetic Sum of Recoverable Volumes (bscf)			7.2	20.0	54.7

Note 1: Refer ASX Announcement 9/9/2019

IMIC – 2 Appraisal Well Drilling: Site preparation for the IMIC –2 well location commenced late March utilising local contractors. ADX has secured long lead items and contracted services to enable the drilling of the IMIC – 2 well in September 2020. Providing border restrictions are relaxed by the end of June 2020 the IMIC –2 well is expected to spud in September as currently forecast.



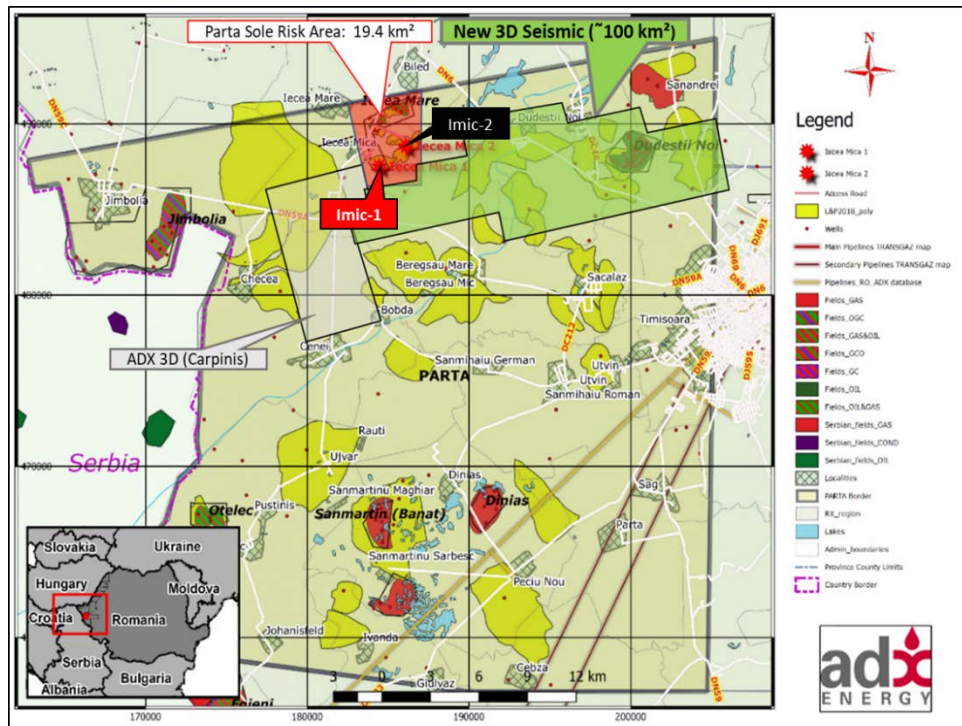
Road construction operations for the IMIC -2 appraisal well.

3D and 2D Seismic Acquisition: The Parta 3D seismic acquisition program is expected to commence in July 2020 after all environmental and regulatory approvals have been secured and the COVID-19 border closures are expected to be lifted. ADX expects to have all remaining regulatory approvals and permits by mid May 2020 following the reopening of administrative offices in Romania.

The acquisition program includes 100 Km² of 3D seismic in the Parta Exploration Permit as well as high resolution 2D seismic within the Parta Sole Risk Area that includes the IMIC-1 well and the planned IMIC-2 well location (*see map below*).

As reported previously, the Parta 3D Program is likely to generate high quality appraisal and exploration targets with multiple stacked oil and gas pay opportunities (at less than 2,500m depth) based on a track record of high exploration success rates by other companies drilling on new 3D seismic in the basin.

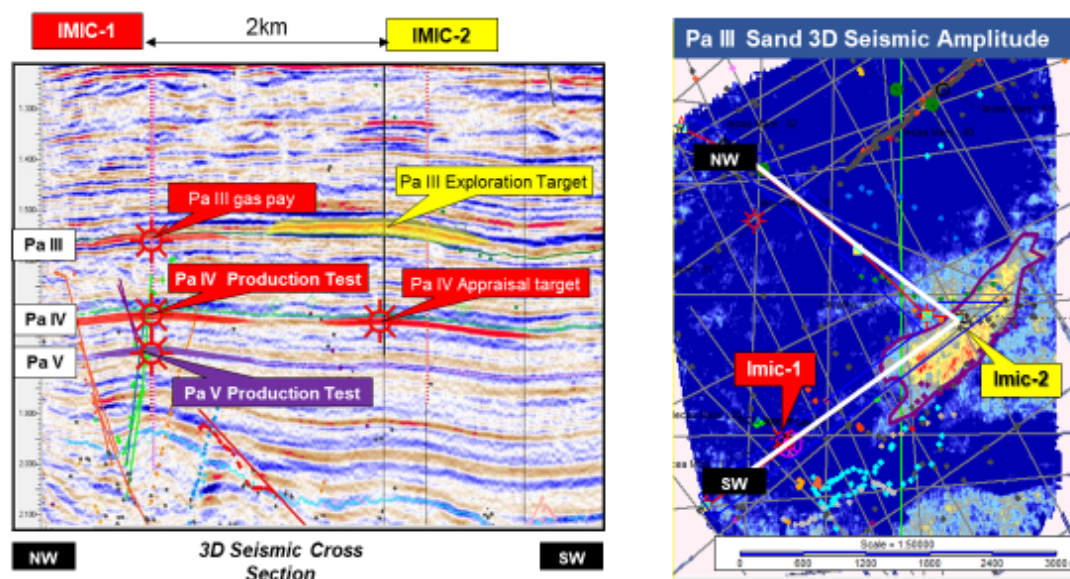
High resolution 2D seismic lines have also been planned across the IMIC-1 and IMIC-2 accumulations. The program is designed to better define the extent of gas zones where ADX has identified substantial stratigraphic upside volumes following the recent drilling of the IMIC-1 well (up to 40Bcf in the PA IV Sand – see IMIC-1 Contingent Resources Estimates Table above) which could extend south of the Sole Risk area.



Gas Commercialisation Studies: Studies for the commercialisation of IMIC-1 gas were ongoing during the quarter however due to COVID-19 Pandemic disruptions it has been difficult to continue engagement with engineering consultants and near-by gas processing plant operators. Two viable commercialisation options continue to be considered including delivery of sales gas to the local grid or alternately the conversion of produced gas to power and the connection to a high voltage power line located approximately 2km from the IMIC-1 location. Either option is expected to provide a viable commercial solution. The purpose of the studies is to determine the optimal option in terms of schedule, cost and return on investment.

Parta Appraisal Program

IMIC-2 Appraisal & Exploration Well (Correlation of IMIC- 2 to successful IMIC -1)



Funding for Planned Appraisal and Exploration Activities: Testing and appraisal activities will be funded via funding contributions made by both Reabold Resources Plc (LSE AIM:RBD) (“Reabold”) and ADX in December 2019 to Danube Petroleum Limited (“Danube”). Reabold contributed £1,953,125 and ADX contributed £290,314 of new funding. 3D exploration seismic in the Parta permit will be funded by Parta Energy Ltd a subsidiary of Tamaska Oil and Gas (“Tamaska”) pursuant to a farm in agreement where Tamaska will fund a US\$ 1.5 million seismic program to earn a 50% interest in the Parta Exploration Licence (refer ASX announcement dated 8 April 2019).

Current Quarter Planned Activities include;

- Production testing the Iacea Mica-1 (IMIC -1) well in the Parta Sole Risk Area subject to COVID-19 Pandemic border restrictions being lifted.
- Finalise preparation, planning and regulatory approvals for the acquisition of 3D seismic in the Parta Exploration Permit subject to COVID-19 Pandemic border restrictions being lifted.
- Ongoing site preparation and planning for the Iacea Mica-2 (IMIC -2) well in the Parta Sole Risk Area. Drilling expected during Q3 2020 subject to COVID-19 Pandemic border restrictions being lifted by July 2020.

Dougga Gas Condensate Project (Kerkouane Permit) – Offshore Tunisia

ADX is operator and holds 100% interest in the Kerkouane Exploration Permit

As reported in ASX Announcement 6/9/2019 activities in Tunisia are expected to be deferred or suspended in favour of the abovementioned more stable and fiscally attractive jurisdictions. Despite a very well defined technical and commercial solution developed by ADX in conjunction with Technip FMC for the potential appraisal and development of Dougga Gas Condensate Discovery, the PSC terms offered in Tunisia remain a barrier to investment for such a high capital cost project. In late 2019 ADX requested a suspension of the Kerkouane license on the basis of force majeure due to the termination of a drilling contract by Noble Services International Limited for the Globe Trotter II drill ship. The termination by Noble was due to unforeseen extension of contractual commitments by previously contracted operators.

Nilde Oil Field Redevelopment Project (Permit d 363C.R-.AX) – Offshore Italy

ADX is operator and holds 100% interest in the d 363C.R-.AX Exploration Permit

ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry.

No further activities have been undertaken on the Permit since ADX was advised on the 4th of February 2019 that the Italian Parliament passed legislation to suspend exploration activities in permits that have been approved or are in the process of being approved for a period of up to 18 months to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities.

ADX has been informally advised by the Italian Licensing Authorities that it has demonstrated sufficient financial capability for the ratification of the permit upon resumption of oil and gas activities following earlier announced Farmin by SDP Services Limited (SDP).

Due to the COVID-19 Pandemic the suspension of exploration activities is expected to be extended until the first or second quarter of 2021.

New Venture Activities – Onshore Austria and Romania

ADX is reviewing new venture opportunities in Austria and Romania. New Venture opportunities in Austria are being pursued at a 100% equity basis. Opportunities in Romania are being pursued by ADX on behalf Danube Petroleum Limited.

ADX continues to focus on onshore European new venture opportunities providing a combination of production as well as significant upside potential from appraisal and exploration opportunities

which provide a rapid pathway to cashflow. While desk top studies are ongoing, finalisation of applications and commitments of capital to appraisal and exploration in the short term is being deferred due to the COVID-19 Pandemic and the disruption of oil markets.

Ongoing opportunities being pursued in Austria include;

- Applications for exploration acreage in Upper Austria utilising exclusive RAG 3D seismic data set secured via a data transfer agreement; and
- Geothermal opportunities identified utilising the RAG 3D data set in Upper Austria. The Mollasse basin in Upper Austria has substantial geothermal potential which has been demonstrated western extension of the basin in Germany.

ADX has continued to review a number of field rejuvenations projects on behalf of Danube in Romania and the largest ever onshore exploration licensing round in Romania has been announced where bids are expected to be due to be submitted later in 2020.

Finance and Corporate

Board Changes

Subsequent to the quarter end, in April 2020, Mr Philip Haydn-Slater stepped down as a director. Philip's personal circumstances have changed, now residing in Portugal rather than London. Philip has made an important contribution to the Company supporting our UK investor relations initiatives as well as serving on the Board of ADX UK subsidiary Danube Petroleum Limited which is focussed on Romanian appraisal and exploration activities.

Funding

Convertible Loan Facilities

On 14 January 2020, \$1,050,000 of ADX's convertible loan facilities were converted to 149,999,995 shares (at \$0.007/share). The remaining loan facility of \$50,000 was repaid in cash.

Operations

During the March 2020 quarter, funds received from oil and gas production totalled \$1,975,000 (from December and January operations). February and March revenue of \$1.2 million was received after the quarter end.

Cash Balances

ADX's cash at the end of the quarter was \$4.76 million. This cash balance includes \$ 2.88 million held by 49.2% owned subsidiary Danube Petroleum Limited and its' Romanian subsidiary ADX Energy Panonia srl for Romanian Operations.

Tenement Table

Tenements held at the end of the quarter, their location, ADX percentage held at the end of the quarter and changes thereof:

Permit	% held at the beginning of the Quarter	% held at the end of the Quarter	% acquired
Onshore Austria, Zistersdorf and Gaiselberg Production License	100%	100%	-
Onshore Romania, Parta ¹	100%	100%	-
Onshore Romania, Iecea Mare Production Licence	100%	100%	-
Offshore Italy, d363C.R-.AX ²	100%	100%	-
Offshore Tunisia, Kerkouane	100%	100%	-

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Note 2: ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Paul Fink'.

Paul Fink

Chief Executive Officer

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paul.fink@adx-energy.com

A handwritten signature in black ink, appearing to read 'Ian Tchacos'.

Ian Tchacos

Executive Chairman

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END OF THIS RELEASE - 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 Limited is a qualified geophysicist with 23 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).

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.