

30 September 2019

Finalisation of Austrian Production and Exploration Acquisition

- On track with government and regulatory approvals for closing
- Oil production since 1st January 2019 meeting expectations
- Closing purchase price significantly reduced due to on trend production performance coupled with increased oil price

ADX Energy Ltd (ASX Code: **ADX**), is pleased to advise that with the assistance of RAG Exploration & Production GmbH (**REP**) substantial progress has been made in relation to the closing of the transaction for the acquisition of Zistersdorf & Gaiselberg Oil and Gas Fields (producing at approximately 350 BOPD) located onshore in the Vienna Basin (**RAG Production Assets**) as well as agreements for Exploration Data and access arrangements from RAG Austria AG (**RAG**) in upper Austria (**RAG Exploration Data**). ADX expects the formal closing date will occur within the next 4 weeks based on discussions with the Austrian Authorities to date.

As announced on 2 July 2019, ADX entered into binding agreements with REP on the 1st of July 2019 for the acquisition of **RAG Production Assets** as well as **RAG Exploration Data** which includes exclusive access to 3D seismic, 2D seismic, drilling data and geological data (including 3650 km² of modern 3D seismic) over soon to be available for licensing exploration areas proximal to RAG's main production assets in upper Austria. In addition to the RAG Exploration agreements, ADX has entered into access and tariff arrangements with RAG for production infrastructure in the Molasse Basin. (*See Acquisition overview*)



Figure1: Zistersdorf Field production well within vineyards (source: RAG)

The purchase price of Euro 4 million for the RAG Production Assets is based on an effective date of 1 January 2019. A staged payment process includes a Euro 400,000 non-refundable deposit which was paid following signing of the Asset Purchase Agreement with the balance of the funds due at closing on the later of 1 October 2019 or transfer of the production licenses (most likely date is late October 2019). The final cash payment will be adjusted for the net post tax cashflow of the fields between the effective date and the closing date. Oil and gas production since the effective date (1 January 2019) has met expectations which in combination with the increase in the Brent reference oil price has resulted in cumulative cash flows from operations exceeding expectation. Based on a closing date of mid October the expected final purchase price is Euro 2.5 million less the Euro 0.4 million deposit already paid.

ADX Energy Ltd

AUSTRALIA

Level 2,
Suite 14, 210 Bagot Road
Subiaco WA 6008

PO Box 63 Subiaco 6904

T +61 (08) 9381 4266

F +61 (08) 9381 4766

E admin@adxenergy.com.au

ABN 50 009 058 646

www.adxenergy.com.au

Acquisition Overview

RAG Production Assets

- Production Rate **350 BOEPD** and **Euro 2 million 2019 post tax flow**.
- Acquisition at significant discount to NPV based on most likely **2P Developed Reserves Case of 0.98 MMBOE** (Refer ADX Announcement dated 2 July 2019^{note 2})
- Infill potential to increase **2P Developed and Undeveloped Reserves Case to 1.51 MMBOE** (Refer ADX Announcement dated 2 July 2019^{note 2})
- **2C Contingent Resource potential of 8.5 MMBOE** from proven producing reservoirs beneath field (Refer ADX Announcement dated 6 September 2019^{note 2})
- High value barrels delivered by pipeline to local refinery small discount to Brent Crude
- Long life production with very modest decline of approximately 2% per annum
- Highly optimised, automated and very well-maintained production facilities with all in US\$31 per BOE production cost. Excellent owned infrastructure position and land position

RAG Exploration Assets (Refer ADX Announcement dated 6 September 2019)

- Large exploration potential and valuable data base at low cost (**3650 km² of 3D seismic**)
- 24 ready to drill near field prospects with agreed infrastructure access arrangements provide immediate low risk reserves additions with a rapid pathway to cash flow.
 - **Best Case Prospective Resources of 62mmboe** ^{note 1 and 2}
- 8 high reward moderate risk prospects in portfolio provide exceptional upside
 - **Best Case Prospective Resources 1,278mmboe** ^{note 1 and 2}
- Access to highly skilled, experienced personnel in line with asset base development.
- Further cooperation with RAG or REP possible in future

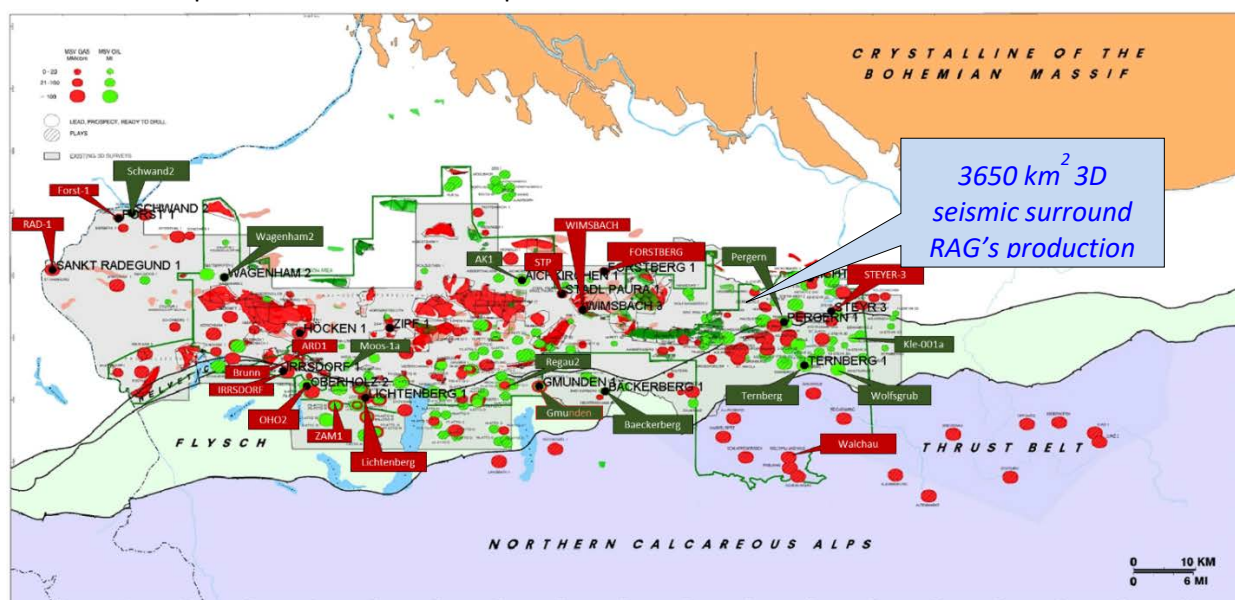


Figure2: Mollasse Basin Exploration potential and RAG Production Assets, Upper Austria (source: RAG)

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.

Note 2: ADX confirms that it is not aware of any new information or data that affects the information included in the relevant ASX market announcements regarding reserves and resources and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

For further details please contact:

Paul Fink

Chief Executive Officer

+61 (08) 9381 4266

www.adxenergy.com.au

Ian Tchacos

Executive Chairman

+61 (08) 9381 4266