

14 October 2019

## ADX Secures Funding for Landmark Acquisition of the Austrian Production Assets and Exploration Access Arrangements

*Funding package enables ADX to undertake transformational production acquisition and progress the potential commercialisation of its recent successful well onshore Romania*

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### Key Points:

- ADX has secured A\$5.5 million in funding commitments to facilitate completion of the transformational acquisition of long-life, oil and gas production assets in Austria.
- From completion, ADX will own and operate the Zistersdorf and Gaiselberg oil and gas fields in the Vienna Basin, as well have access to a substantial bank of historical exploration data and benefit from existing infrastructure access arrangements.
- Funding package comprises:
  - A\$ 3.5 million Loan Note Funding; and
  - A\$ 2.0 million institutional and sophisticated investor Placement.
- The Company will also undertake a Share Purchase Plan up to A\$ 1.5 million allowing shareholders to invest on equivalent terms.
- Expected completion date for the acquisition of late October to mid November 2019, subject only to customary approvals from the local Mining Authority.
- Oil and gas production operations already generating cashflow, with 100% of net cashflow generated from 1 January 2019 attributable to ADX.

ADX Energy Ltd (ASX Code: **ADX**) is pleased to advise it has binding commitments for a A\$5.5 million funding package to settle the acquisition of the Zistersdorf and Gaiselberg oil and gas fields located onshore in the Vienna Basin, Austria (**RAG Production Assets**) as well as agreements for exploration data and access arrangements from RAG Austria AG (**RAG**) to RAG's production infrastructure in Upper Austria as announced on the 2 July 2019.

The funding package comprises binding commitments for A\$ 3.5 million in Loan Notes (**Loan Note Funding**) from a small number of existing supportive shareholders, as well as a \$2.0 million placement of new shares to professional and sophisticated investors at a price of 1 cent per share.

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ADX Energy Ltd

[www.adxenergy.com.au](http://www.adxenergy.com.au)

ABN 50 009 058 646

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

Postal: PO Box 63, Subiaco WA 6904

Telephone: 08 9381 4266 Facsimile: 08 9381 4766 Email: [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

ADX Executive Chairman, Mr Ian Tchacos, said;

*“The Board of ADX is very pleased with the funding package which has been secured on favourable terms to enable the Company to secure the transformational RAG Production Assets as well as continue to progress its complimentary activities onshore Romania.*

*The RAG Production Assets acquisition transforms ADX’s business model from one that is dependent on exploration and appraisal project developments and subsequent opportunistic farmouts to one that is based on a sustainable growth platform with predictable cash flows, low risk ready to drill expansion opportunities as well as the higher risk higher reward appraisal and exploration that can be funded by farmouts or strategic investors.*

*The strategic combination of the RAG Production Assets and ADX’s existing Romanian assets provide multiple growth and value creation opportunities in low cost, pro-development jurisdictions with favourable fiscal terms, proven prospectivity for oil and gas, excellent access to infrastructure and high energy pricing.”*

### **Placement**

ADX has finalised a placement of 200 million fully paid ordinary shares at 1 cent per share (**Share**) to sophisticated and institutional investors to raise \$2 million before costs (**Placement**). The Placement is being undertaken using Shareholder approval obtained by ADX on 20 September 2019 to issue up to 500 million Shares to sophisticated and professional investors. QA Capital is acting as Lead Manager to the Placement.

The Placement was well subscribed by existing and new investors and the fundraising will be completed under a prospectus to be lodged shortly. Each Placement subscriber will receive one free attaching quoted option (**Option**) for every three new Shares issued. The Options will be exercisable at 1.5 cents with an expiry date of 20 November 2020. The Options are subject to approval by shareholders at a General Meeting (date to be determined). The Company will seek to have the Options listed on ASX subject to satisfaction of ASX listing criteria.

Placement funds will be used for the set up and administrative costs in relation to the RAG Production assets, applications for the planned exploration acreage in Austria related to the RAG Acquisition, funding of the Company’s Romanian drilling, testing and development activities and general working capital.

### **Loan Note Terms**

Binding agreements have been entered into for 35 loan notes of \$100,000 each totalling A\$ 3.5 million (**Loan Notes**). The Loan Notes have been received from a small number of existing shareholders that are strongly supportive of the acquisition of the RAG Production Assets.

For each Loan Note, ADX will issue the subscriber 3,857,143 unlisted options, with an exercise price of 1.8 cents per option and expiring 2 years after the subscription date. Interest is paid quarterly at 6% per annum with 50% of the principal repaid after 12 months, and the remainder after 24 months. The drawdown of funds from the Loan Notes is subject to receipt of approvals by ADX from the Bundesministerium für Nachhaltigkeit und Tourismus (Mining Authority) in Austria for the transfer of the RAG Production Assets to ADX in accordance with the binding asset purchase agreements with RAG. This is expected late October to mid November 2019.

### Share Purchase Plan

In addition to the Placement and Loan Notes, the Company is pleased to announce that eligible shareholders will have the opportunity to acquire Shares via a Share Purchase Plan (**SPP**). Eligible shareholders may acquire up to \$30,000 worth of Shares under the SPP at 1 cent per Share. This is the same price as the offer price under the Placement. SPP participants will also receive one free attaching quoted Option for every three new Shares issued. The Options will be exercisable at 1.5 cents with an expiry date of 20 November 2020. The Options are subject to approval by shareholders at a General Meeting (date to be determined). The Company will seek to have the Options listed on ASX subject to satisfaction of ASX listing criteria.

The total number of Shares to be issued under the SPP is expected to be up to approximately 150 million Shares, being the number of Shares required to raise \$1,500,000. In the event of an oversubscription, the Company reserves the right to accept the oversubscriptions and increase the number of Shares issued under the SPP or to scale back applications.

Further details of the SPP will be announced in due course.

The proposed timetable for the SPP is set out below. The dates are indicative only and the Company reserves the right to vary the dates including the right to extend the Closing Date or to withdraw the Offer (subject to the *Corporations Act 2001 (Cth)* and the ASX Listing Rules).

Record Date	11 October 2019
SPP Prospectus despatched to Shareholders & Company announcement that despatch has been completed	18 October 2019
Opening Date	18 October 2019
Closing Date	1 November 2019
Allotment / Issue Date	7 November 2019

**For further details please contact:**

**Paul Fink**  
**Chief Executive Officer**  
 +61 (08) 9381 4266

**Ian Tchacos**  
**Executive Chairman**  
 +61 (08) 9381 4266

[www.adxenergy.com.au](http://www.adxenergy.com.au)

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