

6 September 2022

Anshof-3 well early production scheduled to commence in mid October

Commercial arrangements finalised for an Early Production System as well as Oil Processing, Transportation and Sales

Key points:

- 🔥 ADX has executed agreements for the lease of an Early Production System (“EPS”) and Oil Processing, Transportation and Sales of Anshof-3 well crude oil (“OSA”) with RAG Exploration and Production GmbH (“RAG E&P”). The agreements enable the planned commencement of commercial, long term, test production in mid-October 2022.
- 🔥 The EPS will provide oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location, which will allow oil to be efficiently produced from the well with minimal operator intervention.
- 🔥 The OSA provides the commercial framework for the processing, transportation, delivery of Anshof crude to RAG E&P for sale in conjunction with its own crude to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. The processing, storage and transportation charge for Anshof crude will be approximately US\$ 11 per barrel.
- 🔥 The Anshof-3 well has been tested and a production string was installed in the well, together with a down hole pump in preparation for long term production testing. ^{Note 1}
- 🔥 The Anshof-3 well produced 132 barrels per day of water free light crude oil (32° API) during testing operations. A sustained rate of approximately 100 barrels per day is expected during long term production testing. ^{Note 2}
- 🔥 The EPS is expected to enable approximately 10 months of commercial production prior to the drilling of the Anshof-2 and Anshof-1 development wells. It is envisaged that following the successful drilling of the wells, a permanent facility will be installed which will allow the maximisation of production from the three well cluster. ^{Note 3}

ADX Executive Chairman, Mr Ian Tchacos, said *“The Board of ADX is very pleased with the finalisation of collaborative arrangements with RAG E&P to enable cost effective and efficient long term test production from the Anshof-3 discovery. The fast tracking of cashflow and gathering of production data will enable ADX to accelerate the assessment and development of the Anshof oil discovery. Given the supply chain issues for oil and gas equipment, as well as the critical demand for energy in Europe, this is an excellent achievement by our local management team.”*

Notes

1. Eocene oils produced in the area typically have a low gas oil ratio and hence require pumping.
2. The Anshof-3 well was flow tested prior to well acidisation which was undertaken to overcome reservoir damage from drilling. Acidisation in offset wells has resulted in substantial increases in production rate.
3. Oil rates in subsequent wells on the flank of the large structure where the Eocene reservoirs are expected to thicken are likely to result in significantly higher production rates than Anshof-3.

ADX Energy Ltd (**ASX Code: ADX**) advises that it has finalised commercial arrangements which enable the long-term oil production testing for the Anshof-3 discovery well within the ADX-AT-II license in Upper Austria. First commercial test production from the well is expected mid October 2022. ADX holds an 80% operated interest in the Anshof discovery with the balance (20%) being held by its partner Xstate Resources Limited (refer Note 4).

The commercial arrangements include an agreement for the lease of an Early Production System (“EPS”) and an Oil Production, Transportation and Sales Agreement (“OSA”) with RAG Exploration and Production GmbH (“RAG E&P”). The EPS will provide oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location which will allow oil to be efficiently produced from the well with minimal operator intervention. The EPS will be mobilised to the Anshof-3 location in the coming weeks and the term of the lease is approximately 12 months.

The OSA provides the commercial framework for the processing, transportation, delivery and sale of Anshof crude to RAG E&P, which will be onsold in conjunction with its own crude to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. The processing, storage and transportation charge for Anshof crude will be approximately US\$ 11 per barrel. Oil production will be delivered from the EPS to a nearby RAG E&P oil terminal for processing and transportation by rail to the OMV refinery near Vienna.

The Anshof-3 well has been tested and a production string has been installed in the well together with a down hole pump in preparation for long term production testing. Eocene oils produced in the area typically have a low gas oil ratio and hence require pumping from commencement of production. The Anshof-3 well produced 132 barrels per day water free light crude oil (32° API) during testing operations. A sustained rate of approximately 100 barrels per day is expected during long term production testing. The Anshof-3 well was flow tested prior to acidisation of the well which was undertaken to overcome reservoir damage from drilling. Acidisation in offset wells has resulted in substantial increases in production rate.

The leased EPS is expected to enable approximately 10 months of commercial production prior to the drilling of the Anshof-2 and Anshof-1 development wells. It is envisaged that following the successful drilling of the Anshof-2 and Anshof-1 wells that a permanent facility will be installed which will allow the maximisation of production from the three well cluster. Oil rates in subsequent wells on the flank of the large 25 km² structure, where the Eocene reservoirs are expected to thicken, are likely to result in significantly higher production rates than from Anshof-3.



The leased EPS on a RAG E&P well site in Upper Austria nearby Anshof- 3. Source ADX



The Anshof- 3 well location showing the installed well head operationally ready for production. Source ADX

Anshof Independent Resources Assessment: On 10 November 2021 ADX announced an independent review by RISC Advisory Pty Ltd which assessed that the mean un-risked Prospective Resource for the Anshof prospect is 6.6 Million Barrels of Oil Equivalent (“MMBOE”)* (for the primary Eocene target only).

**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 4:

ADX announced a farmout to ASX listed Xstate Resources Limited to fund 40% of the Anshof-3 well costs to earn a 20% participating interest in the Anshof Prospect. Refer to ASX release dated 22 November 2021.

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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 Ltd 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).

End of this Release