

Activities Update for Giant Welchau Gas Prospect

ADX and partner MCF Energy revise expected date for the commencement of Welchau-1 drilling operations to December 2023

Key points:

- On the 2nd of January 2023, Canadian TSX Venture Exchange (“TSXV”) listed MCF Energy Ltd. (TSXV – MCF.V) (“MCF”), executed an Energy Investment Agreement (EIA) to fund 50% of the cost of the Welchau-1 exploration well to earn a 20% economic interest in the Welchau Investment Area. Due to unforeseen delays in permitting the well for drilling, MCF and ADX have agreed to extend the commencement date for drilling of the Welchau-1 well to on or before 1 January 2024.
- A drilling permit has been received for the Welchau-1 well from the Mining Authority on behalf of the ministry of finance of the Republic of Austria (Bundesministerium für Finanzen) (BMF) as announced on the 16th of August 2023.
- ADX expects to receive an environmental clearance from the Department of Nature Protection of the State Government of Upper Austria on or before 30 October 2023. The environmental clearance is the last regulatory requirement to commence operations on the Welchau drilling project.
- Upon receipt of the environmental clearance, ADX will commence drill site construction and plans to commence Welchau-1 drilling operations during December 2023.
- The well will be drilled by the RED Drilling & Services GmbH (“RED”) E202 drilling rig which has been pre-approved based on the required safety, noise and environmental emission standards. ADX has a rig services contract in place with RED for the E202 rig which will also be used to drill the Anshof-2 well prior to the drilling of the Welchau-1 well.

The Welchau gas prospect has exceptional gas resource potential, located in the heart of Europe at a relatively shallow drill depth and proximal to gas pipelines. ADX estimates that Welchau has **best technical Prospective Resources of 807 BCFE (134 MMBOE)**¹. Welchau is targeting the same reservoirs as the nearby Molln-1 well which tested gas in 1989.

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.

ADX Executive Chairman, Mr Ian Tchacos, said, *“The Board of ADX looks forward to receiving the environmental clearance for the drilling of the Welchau-1 well and commencing planned operations as soon as possible. The Welchau exploration project is an exceptional domestic energy supply and economic opportunity for the State of Austria. ADX and our partner MCF are committed to responsible gas exploration”.*

¹ Best Technical Prospective Resources Prospective resources reporting date 22.06.2023

ADX Energy Ltd (**ASX Code: ADX**) entered into an Energy Investment Agreement on the 2nd of January 2023 (“EIA”) for the Welchau Investment Area with Canadian TSX Venture Exchange (“TSXV”) listed MCF Energy Ltd. (TSXV – MCF.V) (“MCF Energy”). Under the terms of the EIA, MCF Energy will fund 50% of the Welchau-1 well drilling costs to earn a 20% economic interest in the Welchau Farmin Area.

The EIA contemplated the commencement of drilling operations on the Welchau prospect by the 30th of September 2023. Despite receiving a drilling permit from the Mining Authority on behalf of the Ministry of Finance of the Republic of Austria (Bundesministerium für Finanzen) (“BMF”), ADX has experienced some unexpected delays in obtaining an environmental clearance from the Nature Protection Department of Upper Austria for the Welchau-1 well. ADX and MCF (“Parties”) have therefore agreed to extend the commencement date for drilling the Welchau-1 well to on or before 1 January 2024.

The Parties have agreed to finalise the necessary partnership documentation in accordance with the EIA prior to the commencement of operations on or before the 30th of October 2023. The partnership documentation will in turn be submitted for clearance by the BMF.

ADX has previously advised that a permit has been issued by the Mining Authority on behalf of the BMF for the drilling of the Welchau-1 well in ADX-AT-II licence in Upper Austria (“Drilling Permit”). The Drilling Permit is tied to two specific rig types including a drilling rig and a work over rig provided by drilling contractor RED Drilling & Services GmbH (RED) with whom ADX has a rig services contract in place. The RED E202 drilling rig has been pre-approved based on the required safety and environmental emission standards. The RED E202 rig will also be used to drill the Anshof-2 well prior to the drilling of Welchau. Under the terms of the Drilling Permit, the Welchau-1 well can be drilled any time during the term of the exploration license providing it is drilled during a period between 1 October to 31 March (winter period).

The final stage of the permitting process is the receipt of an environmental clearance which is based on an independent expert’s environmental report (“Environmental Clearance”) that has been submitted to the Department of Nature Protection of the State Government of Upper Austria. The Environmental Clearance which is expected on or before the 30 October 2023 is the last regulatory requirement to commence operations on the Welchau prospect.

ADX will commence Welchau drill site construction upon receipt of the Environmental Clearance and plans to commence drilling operations during December 2023. The success case drilling program is expected to take approximately 39 days.

Operational Readiness

ADX has purchased all the necessary long lead items to drill the Welchau-1 well. The drilling of the well will be under an existing rig services contract with RED. ADX used the RED drilling rig to drill the Company’s first exploration well in Austria at Anshof-3. Anshof-3 was drilled without any lost time safety incidents and within budget. The drilling services and other contracted services will be almost exclusively provided by highly trained local staff from Upper Austria, as was the case for the Anshof-3 well. ADX has endeavoured to maximise local content where there is an excellent past record of safety, environmental protection and project execution.

MCF Energy Ltd.’s Economic Participation

Canadian TSX Venture Exchange (“TSXV”) listed MCF Energy Ltd., under the EIA, has agreed to fund 50% of the cost of the Welchau-1 well to earn a 20% economic interest in the Welchau Investment Area. ADX retains an 80% economic interest in the Welchau Investment Area.

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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 Prospective Resources 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 30 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).

Previous Estimates of Reserves and Resources:

ADX confirms that it is not aware of any new information or data that may materially affect the information included in the relevant market announcements for reserves or resources and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Reporting Standards for Resource Estimation

Reserves and resources are reported in accordance with the definitions of reserves, contingent resources and prospective resources and guidelines set out in the Petroleum Resources Management System (PRMS) prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers (SPE) and reviewed and jointly sponsored by the American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE), Society of Exploration Geophysicists (SEG), Society of Petrophysicists and Well Log Analysts (SPWLA) and European Association of Geoscientists and Engineers (EAGE), revised June 2018.

Prospective Resource Classifications

Low Estimate scenario of Prospective Resources - denotes a conservative estimate of the quantity that will actually recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate scenario of Prospective Resources - denotes the best estimate of the quantity that will actually be recovered from an accumulation by an oil and gas project. It is the most realistic assessment of recoverable quantities if only a single result were reported. When probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate scenario of Prospective Resources - denotes an optimistic scenario of the quantity that will actually be recovered from an accumulation by an oil and gas project. When probabilistic methods are used, there should be at least a 10% probability that the quantities actually recovered will be equal or exceed the high estimate.

Nomenclature and conversions used in this release

BBL means US barrel

MMBLS means millions of US barrels

MCF means thousand cubic feet

MMCF means million cubic feet

BCF means billion cubic feet

TCF means trillion cubic feet

BOE means barrels of oil equivalent

MMBOE means millions of barrels of oil equivalent