ADX Energy Ltd (ASX:ADX)

ASX RELEASE

28 January 2022

ADX Commences Preparations for Testing Anshof Discovery Well in Upper Austria

Key points:

- Preparations and planning have commenced to undertake an oil test (Eocene Primary Objective Discovery) and a gas test (Miocene Discovery) on the recently drilled Anshof-3 exploration well located in the ADX-AT-II license in Upper Austria.
- The RED Drilling & Services GmbH (RED) W-102 workover rig will be mobilised to the Anshof-3 location during the week commencing 1 March 2022.
- The planned sequence of well operations are as follows:
  - perforation and testing a 6m gross Eocene sandstone oil interval at a depth of 2302m Measured Depth (MD); and
  - perforation and testing a 20m gross Miocene sandstone gas interval at a depth of 800m MD.
  - completion of the well for potential commercial production based on the results of the above testing program.
- The objectives of the well testing program are as follows:
  - determine the oil flow rate potential of both the Eocene sands and the Miocene sands as well as continuity of the reservoirs based on pressure response and production performance; and
  - determine the sequence of potential commercial production based on production performance, reserves potential and economics.
- It is expected that first commercial production can be achieved within 6 months of a successful testing program.

The RED workover rig W-102 which will undertake well test and production preparation operations in early March 2022 at the Anshof-3 discovery location in Upper Austria. The rig is currently being utilised in ADX' Vienna Basin Oil fields where this photo was taken around a week ago.

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ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise that preparations for production testing operations at its Anshof-3 exploration discovery well are underway with a view to an early March 2022 commencement date.

Well test design and engineering work is focusing on the deeper Eocene sandstone reservoir oil zone and the shallower Miocene sandstone reservoir gas zone, as shown in Figure 1 below. The Cenomanian (Cretaceous) oil zone (11m gross pay identified on logs and petrophysical analysis) just above the basement and well TD at 2499m MD (1730m TVDSS) will not be tested at the current Anshof-3 bottom hole location because it is likely to exhibit better reservoir quality elsewhere within the large Anshof structure.

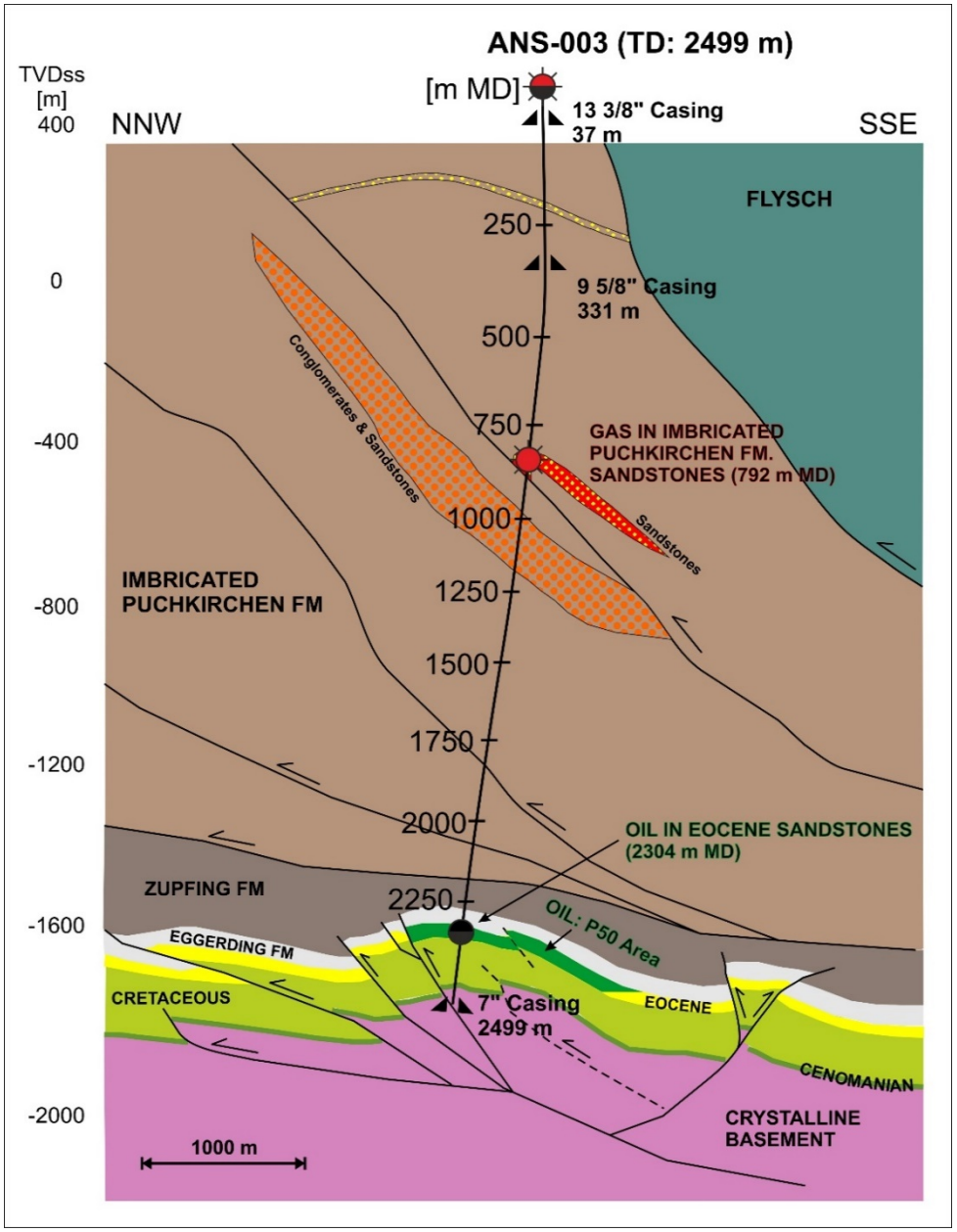

Figure 1: Geological Cross Section schematic along the Anshof-3 well path, highlighting the two hydrocarbon zones which will be tested in early March 2022. The oil zone will be tested first.

Eocene oil reservoir testing and development strategy

Based on well results to date, ADX believes the pre-drill most likely Eocene oil resources do not warrant revision. The current understanding of the Eocene resources is considered to be in line with that independently assessed by RISC predrill (refer to Appendix 1) for the following reasons:

1. The Anshof-3 exploration well intersected the Top Eocene oil zone as predicted by the 3D seismic pre-drill interpretation, i.e. only 4m higher than prognosed (making the potential oil column slightly larger by a commensurate amount). This excellent result validates the pre-drill structural model and confirms the presence of a large structure. A major contribution to the oil resource calculation stems from the structural configuration of the oil pool gross rock volume ("GRV"), which remains largely unchanged. If anything, a slight increase can be expected due to the Anshof-3 well coming in slightly high to prognosis. Figure 2 below shows the updated post-drill map, which compares favourably with the pre-drill interpretation (shown in Appendix 1). The dark green area around Anshof-3 defines the minimum (P90) oil filled area.

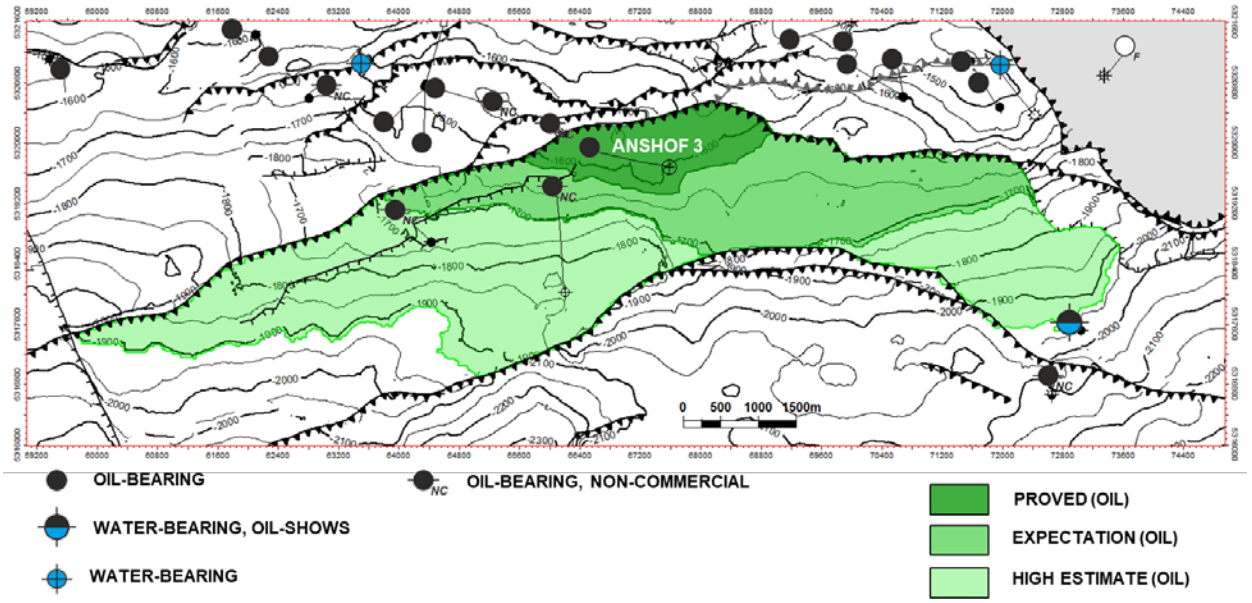

Figure 2: Top oil (Eocene sandstone) post drill depth map (meters TVDSS) , incorporating all well results available. The dark green shaded area shows minimum case (P90), light green area showing the maximum case (P10).

2. The presence of reservoir was the main geological risk prior to drilling which has now been mitigated by the intersection of a 6m gross oil column in the Anshof-3 well with at least 2.5 to 4ms being high quality reservoir net pay section based on the current petrophysical interpretation. No free water or an oil water contact was intersected in the well. This result is within the pre-drill prediction expectation supported by RISC in its independent resource assessment (Appendix 1). Therefore, future field appraisal and development wells will focus on drilling locations with the potential for optimal reservoir thickness in contrast the Anshof-3 well which targeted the crest of the structure. Figure 3 below shows the Anshof structure outline in green with an overlay of expected Eocene gross reservoir thickness based on 3D seismic, nearby well data as well as latest Anshof-3 well results. The map indicates areas to the East of the Anshof-3 well where a much thicker Eocene reservoir section can be expected. With the structural risk eliminated by the Anshof-3 well results, these areas can be specifically targeted for high productivity development wells. In addition to the optimal Eocene potential, it is likely that areas away from the Late Cretaceous paleo high as mapped on 3D seismic (Figure 3) may also contain better quality and potentially more productive Cenomanian oil reservoir sections as has been the case in other nearby oil fields in the area.

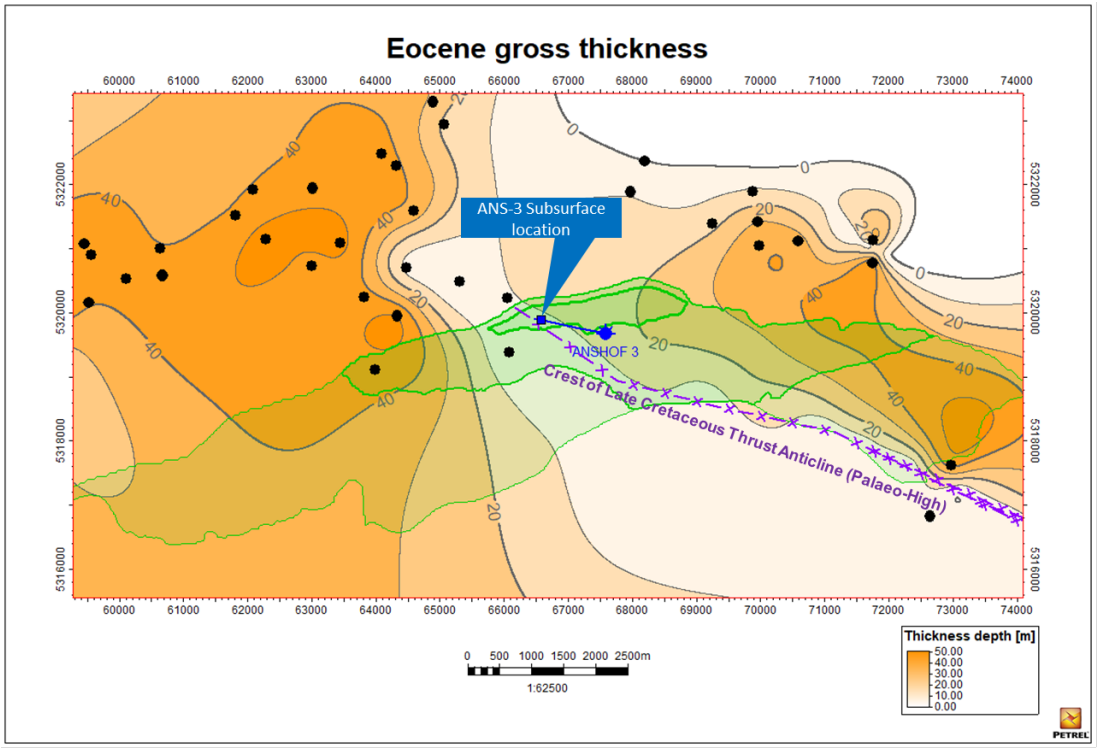

Figure 3: Eocene reservoir gross thickness map, with the Anshof structure outline shown in transparent green.

The RED W-102 workover rig, which is currently operating in ADX' Vienna Basin oil fields to enhance oil & gas production, will be mobilised to the Anshof-3 location together with necessary testing equipment during the week commencing 1st March in order to first test the Eocene sandstone oil reservoir. Subject to the Eocene sandstone producing at commercial rates, the Anshof-3 well will be tied in to an existing gathering pipeline approximately 70m from the well head. Pipeline tie-in has already approved by the Austrian regulators. First commercial oil production can be expected after securing all necessary regulatory approvals as well as the installation of necessary metering and the commissioning of production facilities within 6 months of successful well testing operations.

Miocene gas reservoir testing and development strategy

The approximate 20m gross gas reservoir zone at a depth of around 800m (MD) within the overthrust imbricates of the Miocene aged finely laminated deep water turbidites clastic section (Figure 1). There is an estimated total 14m of gas pay zone based on the preliminary petrophysical interpretation undertaken following wireline logging of the Anshof-3 well. Several gas field analogies exist with similar reservoir sections enabling the design of an optimised testing and completion program for this zone.

Following the completion of an ongoing interpretation of petrophysical and formation imaging ("FMI") data from wireline logs, ADX will provide resources estimates for the Miocene gas reservoirs as well as an appraisal and development drilling plan. Due to the shallow depth and close vicinity to gas infrastructure, even relatively small volumes can be produced commercially at current European gas prices. In case of a successful well test which is anticipated during mid to late March 2022, first gas production can be expected for early November 2022, allowing ADX to benefit from the current highly elevated European gas prices.

Further analysis of well results

The results of a final petrophysical analysis derived from electric line logging data obtained during the drilling of the Anshof-3 well will be available in early February. These results will be used for an update of the predrill Eocene main target oil resources. No resources have been provided by ADX for the newly discovered shallow Miocene gas zone and the Cenomanian oil zone since these hydrocarbon zones were defined as "opportunities" only rather than pre drill primary targets. The Miocene gas sands and the Cenomanian oil zone discovered in the Anshof-3 well have been productive in nearby oil and gas fields which provide ongoing appraisal and development opportunities within the Anshof structure. ADX will continue to evaluate and report on the potential of Miocene and Cenomanian reservoirs to be incorporated into ongoing appraisal and development work programs.

Notes:

An overview of the Anshof Prospect is available in Appendix 1 at the end of this release. It includes the results of an independent prospect review undertaken by RISC Advisory Pty Ltd (RISC).

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.

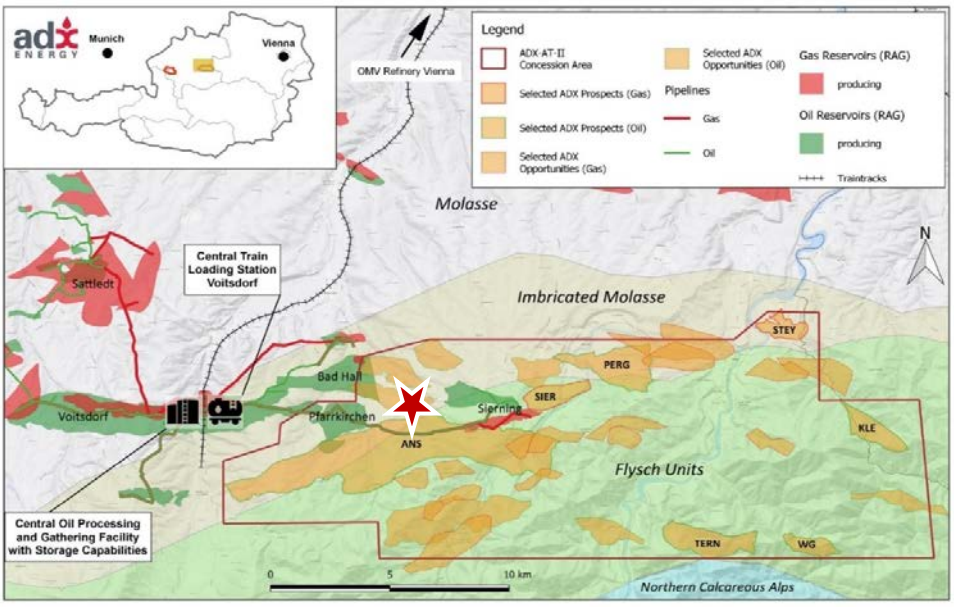

Figure 4: Map showing the Anshof prospect (star symbol) in relation to existing producing oil fields (green), follow up prospects (yellow) in the ADX AT-II license as well as nearby processing facilities and pipelines in ADX-AT-II exploration license

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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).

Appendix 1: Anshof Prospect Overview

Anshof is a well defined modern 3D seismic covered Eocene - Cenomanian prospect located up-dip and on trend from existing oil production from adjacent fields (Figure A1). The ADX in house team has developed a new structural model constraining the nearby producing Voitsdorf, Bad Hall and Pfarrkirchen oil fields which has resulted in identification of a number of on trend prospects and appraisal opportunities. Success at Anshof-3 will validate the new structural model and de-risk multiple follow up prospects. Anshof-3 has a best technical case prospective resource potential of 6.6 MMBOE with significant upside potential in the primary Eocene sandstone reservoir objective. The well plan includes a deeper Cenomanian secondary target with a best technical resource potential of 2.1 MMBOE.

Original Resources Reporting Date: Upper Austria Exploration was on 30/11/2020, estimates were further revised on 30/3/21.

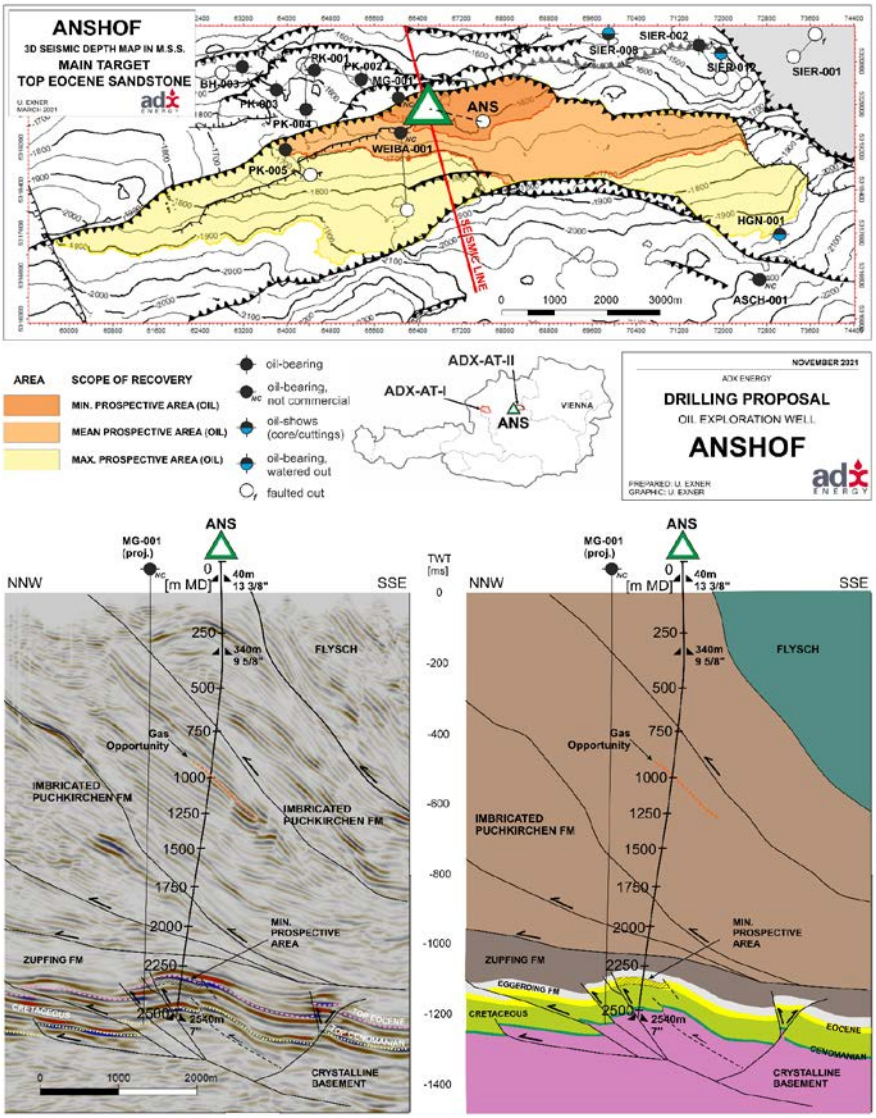

Figure A1: Anshof prospect Eocene depth map, seismic cross section and schematic interpretation (mentioned anti clockwise)

ADX commissioned RISC to provide an independent review of the prospectivity of the Austrian ADX-AT-I & II exploration licenses. RISC has reviewed the resources in accordance with the Society of Petroleum Engineers internationally recognised Petroleum Resources Management System 2018 (PRMS). RISC's methodology was to review the evaluation, probabilistic resource evaluation and geologic risking carried out by ADX. Details of the findings of their review were presented in a report. RISC have not conducted a site visit.

RISC has reviewed the Anshof Prospect and found the following Prospective Resource and Geological Risk assessment to be reasonable. A summary of RISC's findings for the Anshof prospect is shown in the Table 1 below. Refer also to ASX release 10 November 2021.

Table 1: Anshof Prospective Resource and Geological Risk Asssessment

(100% Equity Interest)

Unrisked Prospective Resource [1]	P(90)[2] (MMBOE)	P(50)[3] (MMBOE)	P(10)[4] (MMBOE)	Mean[5] (MMBOE)[6]	*Probability of Success*
Oil Case	0.50	3.30	16.20	**6.60**	*43%*

Notes to Table 1:

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.
2. At least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
3. At least a 50% probability that the quantities actually recovered will equal or exceed the estimate.
4. At least a 10% probability that the quantities actually recovered will equal or exceed the estimate.
5. The arithmetic average of the probability distribution.
6. BOE means barrels of oil equivalent

In RISC's opinion, the method of utilising a mapping based net-rock-volume (NRV) in the prospective resource assessment in the Anshof Prospect may result in a conservative volumetric assessment. RISC was not provided with an assessment of the deeper Cenomanian secondary objective for Anshof.

Access to Production Infrastructure

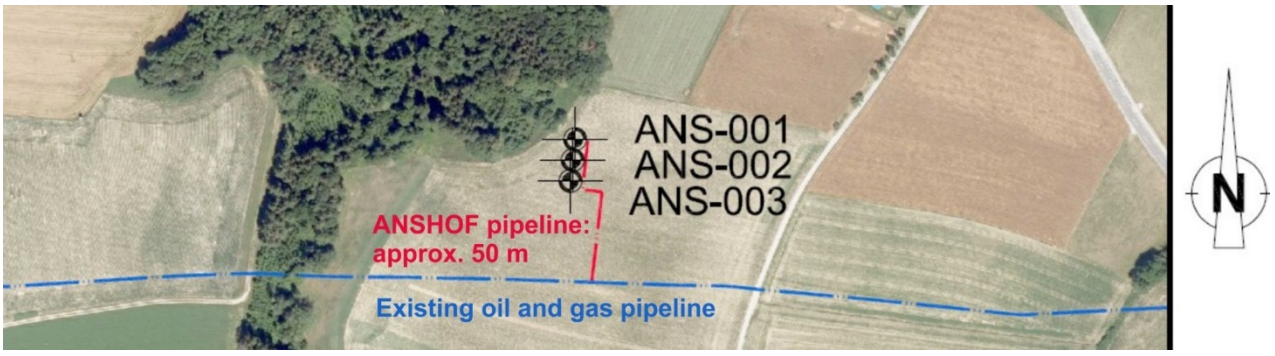

Figure A2: Aerial image prior to commencement of well site preparation showing the three Anshof surface locations and the distance to an existing oil and gas pipeline bundle that can be used to access oil and gas processing and export infrastructure

Approvals have been received from the regulatory authority for up to three drilling locations from the Anshof well site. The Anshof-3 Well location is approximately 50 metres from an oil and gas pipeline bundle which can be accessed to process and export crude.

On the 22nd of November 2020 ADX announced the agreement with RAG Exploration & Production GmbH (RAG E&P) of commercial terms for the access of future oil and gas production from ADX Upper Austria exploration and appraisal licenses in Upper Austria which surround producing fields and infrastructure operated by RAG E&P. The agreement enables the reduction of capital expenditures and the time taken from drilling to commercial production due to the ability to tie into RAG E&P's existing hydrocarbon gathering, processing and storage facilities which are connected to Austria's oil and gas infrastructure network.

Reporting Standards

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.

RISC Independence

RISC has no pecuniary interest, other than to the extent of the professional fees receivable for the preparation of this report, or other interest in the assets evaluated, that could reasonably be regarded as affecting our ability to give an unbiased view of these assets. RISC makes the following disclosures:

- RISC is independent with respect to ADX and confirms that there is no conflict of interest with any party involved in the assignment;
- under the terms of engagement between RISC and ADX, RISC will receive a time-based fee, with no part of the fee contingent on the conclusions reached, or the content or future use of this report. Except for these fees, RISC has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report; and
- neither RISC Directors nor any staff involved in the preparation of this report have any material interest in ADX or in any of the properties described herein.

About RISC

RISC is an independent advisory firm offering the highest level of technical and commercial advice to a broad range of clients in the energy industries, worldwide. RISC has offices in London, Perth, Brisbane and South-East Asia and has completed assignments in more than 90 countries for over 500 clients and have grown to become an international energy advisor of choice.

End of this Release