

## Drilling Update for Giant Welchau Gas Prospect

***“Well site construction is complete, the drill rig is expected to become available next week and commencement of drilling is expected during the following week.”***

### Key points:

- All regulatory requirements are in place to commence drilling operations at the Welchau gas exploration project, in the ADX-AT-II licence in Upper Austria.
- Well site construction at the Welchau-1 drill site is complete.
- The RED Drilling & Services GmbH (RED) E202 drilling rig is expected to become available to ADX at the end of next week (Rig Release).
- The well will be spudded after mobilisation and rig assembly which will take approximately 7 days after Rig Release. The duration of drilling operations is approximately 39 days.
- In accordance with an Energy Investment Agreement with MCF Energy Ltd., via its subsidiary MCF Energy GmbH (MCF), MCF will fund 50% of the Welchau-1 well costs up to a cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area.

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)**<sup>1</sup>. Welchau is targeting the same reservoirs as the nearby Molln-1 well which tested condensate rich, pipeline quality gas at rate of 4.0 MMSCFPD in 1989.

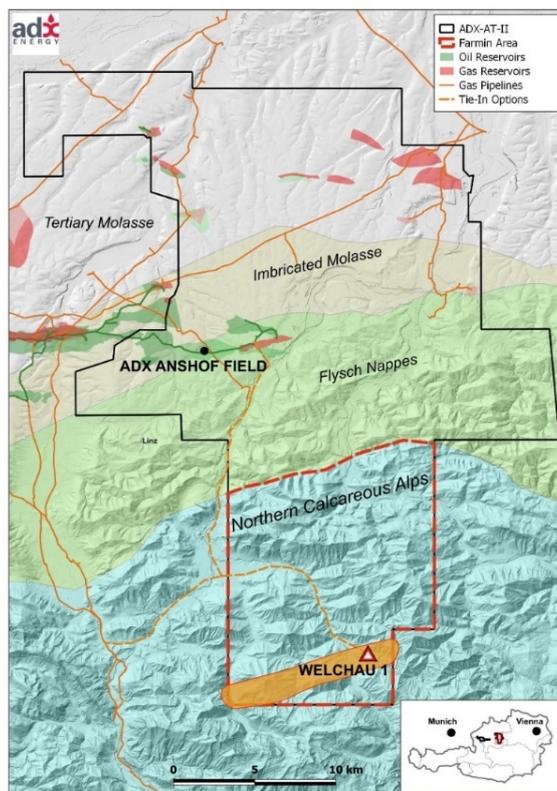
**Prospective Resources** are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**ADX Executive Chairman, Mr Ian Tchacos, said,** *“We are poised to commence operations at Welchau. On behalf of the Board, I would like to thank our Austrian team for their diligence in securing all the necessary regulatory approvals and achieving operational readiness to drill this important gas well. Achieving regulatory approvals at Welchau has exceeded the usual less than 6 month licensing process in Austria due to greater environmental sensitivities at the Welchau location as result of its proximity to an area of touristic interest and a small nature protection area. Despite these additional environmental and community considerations the licensing process in Austria has been far more predictable and timely than other jurisdictions such as many other parts of Europe, the U.K. and Australia where such approvals can take up to two years”.*

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<sup>1</sup> Best Technical Prospective Resources Prospective resources reporting date 22.06.2023

ADX Energy Ltd (**ASX Code: ADX**) is pleased to advise the imminent mobilisation of the RED E-202 drilling rig to the Welchau-1 rig site within the ADX-AT-II licence in Upper Austria (see figure 1). Well site construction commenced on the 15<sup>th</sup> of December 2023 following receipt of the environmental clearance and is now complete. The success case drilling program is expected to take approximately 39 days.



**Figure 1: Map showing ADX-AT-II license area and the Welchau-1 drilling location in the Northern Calcareous Alps**



**Figure 2: The completed well site at the Welchau-1 drilling location which is now available for drilling**

### ***Operational Readiness***

ADX has contracted the necessary services and purchased all the long lead items required to drill the Welchau-1 well. The drilling of the well will be under an existing rig services contract with RED. The RED E202 drilling rig is expected to become available to ADX at the end of next week following the scheduled completion of work with another Operator in Upper Austria. The RED E202 drilling rig has been pre-approved for the Welchau-1 well based on the required safety, noise and environmental emission standards.

ADX used the RED E202 drilling rig to drill the Company's first exploration well in Austria (Anshof-3) as well as the Anshof-2 well. Both wells were 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-2 and Anshof-3 wells. ADX has endeavoured to maximise local content where there is an excellent past record of safety, environmental protection and project execution.

### ***Economic Participation in the Welchau Investment Area***

ADX has executed an Energy Investment Agreement with MCF Energy Ltd. via its subsidiary MCF Energy GmbH (MCF) to fund 50% of Welchau-1 well costs up to a well cost cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area which is part of ADX's ADX-AT-II licence in Upper Austria. The Welchau Investment Area contains the Welchau Gas Prospect and other emerging oil and gas prospects. Upon completion of MCF's funding obligations ADX will hold a 75% economic interest in the Welchau Investment Area. ADX holds a 100% economic interest in the remainder of the ADX-AT-II license other than the Anshof Discovery Area.

### **For further details please contact:**

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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 5.41 the technical and reserves information relating to Austria and Italy 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 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

*MMBBL* 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

*MMSCFPD* means millions of standard cubic feet per day

**End of this Release**