ADX Energy Ltd (ASX:ADX)

ASX RELEASE

4 September 2020

ROMANIA WELL FLOW TEST OPERATIONS UPDATE No 6

"Acidisation and Flow Testing of Iecea Mica-1 Well."

Key Points:

- ***Commence Operations*** for acidisation and testing following rig up on the 7th and 8th of September.
- ***Operations will include*** coiled tubing for pumping acid into the well, nitrogen for lifting liquids from the well and surface testing equipment for separating, measuring and flaring produced gas.
- ***Duration of operations*** approximately 10 days after mobilisation.
- ***Program objectives*** are to initiate flow by overcoming expected well bore damage which has been interpreted as preventing material gas flow from the well by injecting acid into the reservoirs surrounding the well bore, determine reservoir fluid composition and the flow capacity of the PA IV reservoir.
- ***Program Cost*** is approximately Euro 230,000 including VAT and 10% contingency.
- ***Expected benefits of acidisation*** are the stimulation of the well in order to create flow paths for gas beyond the mud filter cake and drilling induced reservoir damage built up around the well bore while drilling and possible invasion into the reservoir. Acidisation is a very common practice for such reservoirs in Western Romania where the reservoir is analysed from drilling cuttings to consist of over 20% calcite and siderite cement that can be dissolved by acid thereby enhancing near well bore permeability.
- ***Further program updates*** will be announced when relevant information is available from the work program.

ADX Energy Ltd (ASX Code: **ADX**) advises that it will commence mobilisation on the 7th of September 2020 to undertake acidisation and flow testing of the Iecea Mica-1 (IMIC-1) well in Iecea Mare Production License onshore Romania.

As announced in the ASX release dated 7 August 2020, the acidisation and testing program has been designed to overcome interpreted well bore and reservoir damage following analysis by ADX and suitably qualified consultants of the results of down hole pressure measurements and down hole fluid sampling data as well as the data obtained during the drilling of the well, rock typing analysis using drilling cuttings together with well testing data from a nearby historic well.

The objectives of the acidisation and testing program are to initiate flow by overcoming expected well bore damage which has been interpreted as preventing commercial flow rates from the well,

determine reservoir fluid composition and the flow capacity of the PA IV reservoir. The PA IV reservoir has porosities in the order of 20% (based on petrophysical logs) and good indications of permeability from rock typing work and therefore should not be regarded as a tight reservoir. Downhole pressure gauges installed in the well in July have shown a pressure build up to initial reservoir pressure in the Pa IV reservoir of approximately 200 bars and gas samples retrieved and analysed from the well demonstrated gas inflow.

Mobilisation is planned on the 7th of September 2020 for all the necessary acidisation equipment including a coiled tubing unit, nitrogen equipment and acid to stimulate the well, lift the acid from the well and flow test the well. The injection of acid into the reservoir is intended to create flow paths for reservoir gas beyond the mud filter cake built up around the well bore while drilling and possible invasion damage into the reservoir. Acidisation is common practice for such reservoirs in Romania. Laboratory testing undertaken on behalf of ADX indicates that over 20% of the reservoir is made up of calcite and siderite cement which can be dissolved by acid and thereby enhance near well bore permeability.

The overall acidisation and testing program duration is 10 days. Operational updates will be provided to shareholders when relevant information is available during the program.

Background Regarding IMIC-1 Drilling Results and Testing Objectives

(Refer to ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially affects the original estimates).

The IMIC-1 well encountered gas across three zones with a combined total arithmetic sum for the three zones of 20 BCF 2C contingent resources estimated (refer to table below). The well was suspended for future completion as a producer following testing. Testing was deferred until down hole well production equipment was manufactured and then further delayed due to border closures caused by the COVID-19 pandemic which delayed testing operations.

Testing will concentrate on the PA IV sand (Pliocene age) which is a proven reservoir and has the greatest upside reserves potential of the 3 hydrocarbon bearing reservoir intervals intersected in the IMIC-1 well (refer to table below). This reservoir unit has a large stratigraphic upside potential which will be further quantified in the near future with the planned high resolution 2D seismic program scheduled for the third quarter of 2020.

The testing program has been designed to determine the production capacity of the well through multiple flow rate measurements and pressure build up response measurements. Produced gas will be sampled to further determine the suitability of the IMIC-1 gas composition for commercial sales.

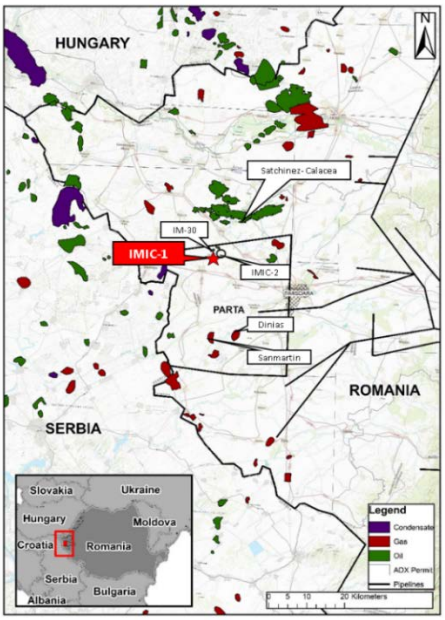
IMIC-1 Contingent Recoverable Resources Estimates (Note 1)					
Discovery Well	**Hydrocarbon Reservoir**	**Reservoir Top Depth (meters MD)**	**1C (bscf)**	**2C (bscf)**	**3C (bscf)**
IMIC-1	**Pa III**	1851	1.9	2.7	3.9
IMIC-1	**Pa IV**	2033	3.0	11.0	40.0
IMIC-1	**Pa V**	2140	2.3	6.3	10.8
TOTAL Arithmetic Sum of Recoverable Volumes (bscf)			**7.2**	**20.0**	**54.7**

(Refer ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially affects the original estimates)

Note 1: *Contingent Resources are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded.*

Gas Resource Assessment

The resource potential of the three gas reservoirs intersected at IMIC-1 will be further assessed utilising high resolution 2D seismic that will be acquired across IMIC-1 and potential IMIC-2 accumulations. The appraisal seismic is expected to better define the extent of gas zones where ADX has interpreted substantial stratigraphic resource upside (refer to ASX announcement on 9 September 2019). The high resolution 2D appraisal seismic is planned during the 4th quarter of 2020 in close proximity to the IMIC-1 and the IMIC-2 wells.



Location Map showing IMIC-1 location and the surrounding Parta exploration license

Note 2: Asset Ownership Structure

ADX holds a 49% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources PLC. Danube via its Romanian subsidiary, ADX Energy Panonia srl, holds:

- a 100% interest in the Parta Exploration license in Romania (including a 100% interest in the Parta Sole Risk Area). Upon completion of a farmin by Tamaska Oil & Gas Limited's subsidiary Parta Energy Pty Ltd, Danube will hold a 50% interest in the Parta Exploration License; and
- a 100% interest in the Iecea Mare Production license in Romania (which hosts the IMIC-1 well and future IMIC-2 well).

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END OF THIS RELEASE - Authorised for lodgement by Ian Tchacos, Executive Chairman

Disclaimer

This document has been prepared by ADX Energy Ltd for the purpose of providing an update in relation to interpreted data with respect to the Iecea Mica-1 well. Any statements, opinions, projections, forecasts or other material contained in this document do not constitute any commitments, representations or warranties by ADX Energy Ltd or its directors, agents and employees. Except as required by law, and only to the extent so required, directors, agents and employees of ADX Energy Ltd shall in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this document. This document includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. ADX Energy Ltd recommends that potential investors consult their professional advisor/s as an investment in the company is considered to be speculative in nature.

Persons compiling information about Hydrocarbons.

Pursuant to the requirements of the ASX Listing Rules 5.41 and 5.42, the technical and resource information contained in this release has been reviewed by Paul Fink, Technical Director of ADX Energy Limited. Mr. Fink 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 announcement 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).