

# ADX Energy

# Investor Presentation

28 April 2016



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## ***PROSPECTIVE AND CONTINGENT RESOURCES***

**Tunisia:** Refer to ASX announcements 26/9/2012 (contingent) and 6/9/2013 (prospective). **Italy:** Refer to ASX announcements 17/2/2016 (contingent) and 21/4/2016 (prospective). ADX confirms that it is not aware of any new information or data that affects the information included in those market announcements and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

All Italian contingent resource figures quoted in this presentation are third party verified.

Contingent Resources: those quantities of petroleum estimated, as of 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  $P_{90}$  (90% probability),  $P_{50}$ , and  $P_{10}$ , respectively, for individual opportunities. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

## **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 presentation 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 presentation 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)

# CORPORATE



## Summary

- An ASX listed international energy explorer (ASX:ADX)
- Asset refocus on low cost, low risk, profitable asset commercialisation
- Portfolio of Appraisal, Development and Exploration assets
- Geographic focus – Offshore Mediterranean and Onshore Europe
- Experienced Board and Management team
- Company has been restructured to minimise administration and fixed overhead
- 11.5% interest in Riedel Resources. (ASX listed Base metal explorer, ASX:RIE)
  - *Value at 26 April 16 = \$540,000*

## Capital Structure

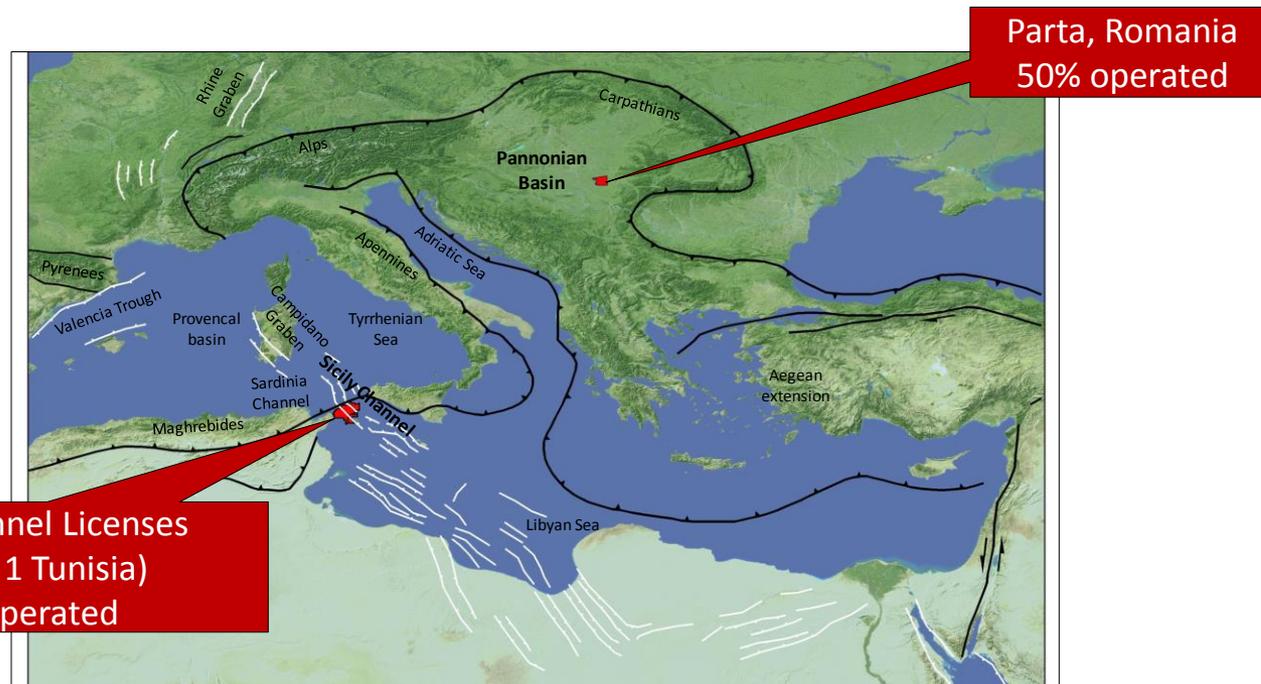
Shares on Issue	656.48 million
No of Shareholders	2,682
Market Capitalisation @ 0.8 cents	\$ 5.3 million
Top 20 shareholder Interest	58%



# GEOGRAPHIC FOCUS

## Offshore Mediterranean and Onshore Central Europe

- Acreage Contains 1 Oil Field, 3 Oil Discoveries and 1 gas condensate discovery



Approximately 6,000 km<sup>2</sup> ADX operated assets \* Combination of Development, Appraisal and Exploration Potential \* Variety of proven hydrocarbon provinces \* Areas we know well technically and commercially with potential for growth



# STRATEGIC DIRECTION - Current Assets



## Commercialisation of the Nilde Field Area Resources – Sicily Channel

- Tangible low risk resource with proven production performance and substantial 2C resource (34 MMBBLS) that can be converted to reserves at low cost
- Excellent reservoir productivity, moderate water depths, shallow drill depths and low fiscal take yield excellent economics (low break even oil price < US \$ 30 per barrel for 1C resource)
- Good candidate for industry funding – oil traders, FPSO contractors

## Explore Parta Permit with Industry Funding – Onshore Romania

- Prolific yet under explored oil and gas province – *yet to see 3D seismic*
- Large area of low risk, low cost exploration with excellent infrastructure and strong gas pricing
- Poised for 3D seismic due to permitting success by ADX
- Strong farm in interest due to success in adjacent areas
- Excellent opportunity to secure low cost production with development of balance sheet

## Retain Offshore Tunisian Strategic Option

- Retain large contingent and prospective resource position in Kerkouane permit
- Seeking farmout for seismic option or extension of permit

**“A viable strategy with large value leverage”**



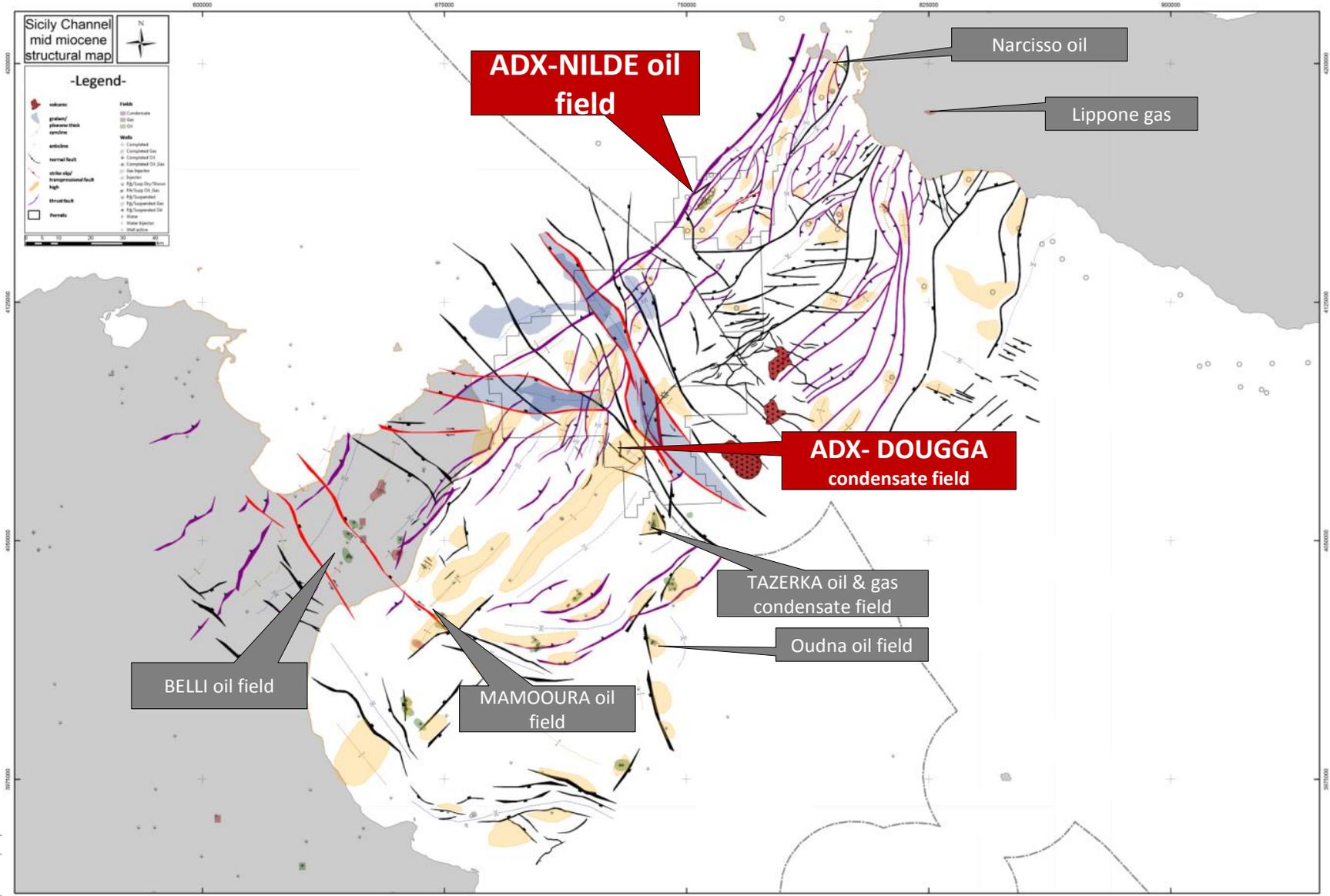
## **CURRENT ASSETS**

- 1. Nilde Field Area Project – Sicily Channel, Italy**
- 2. Parta Exploration Project – Onshore Romania**
- 3. Kerkouane Appraisal & Exploration Project  
- Offshore Tunisia**



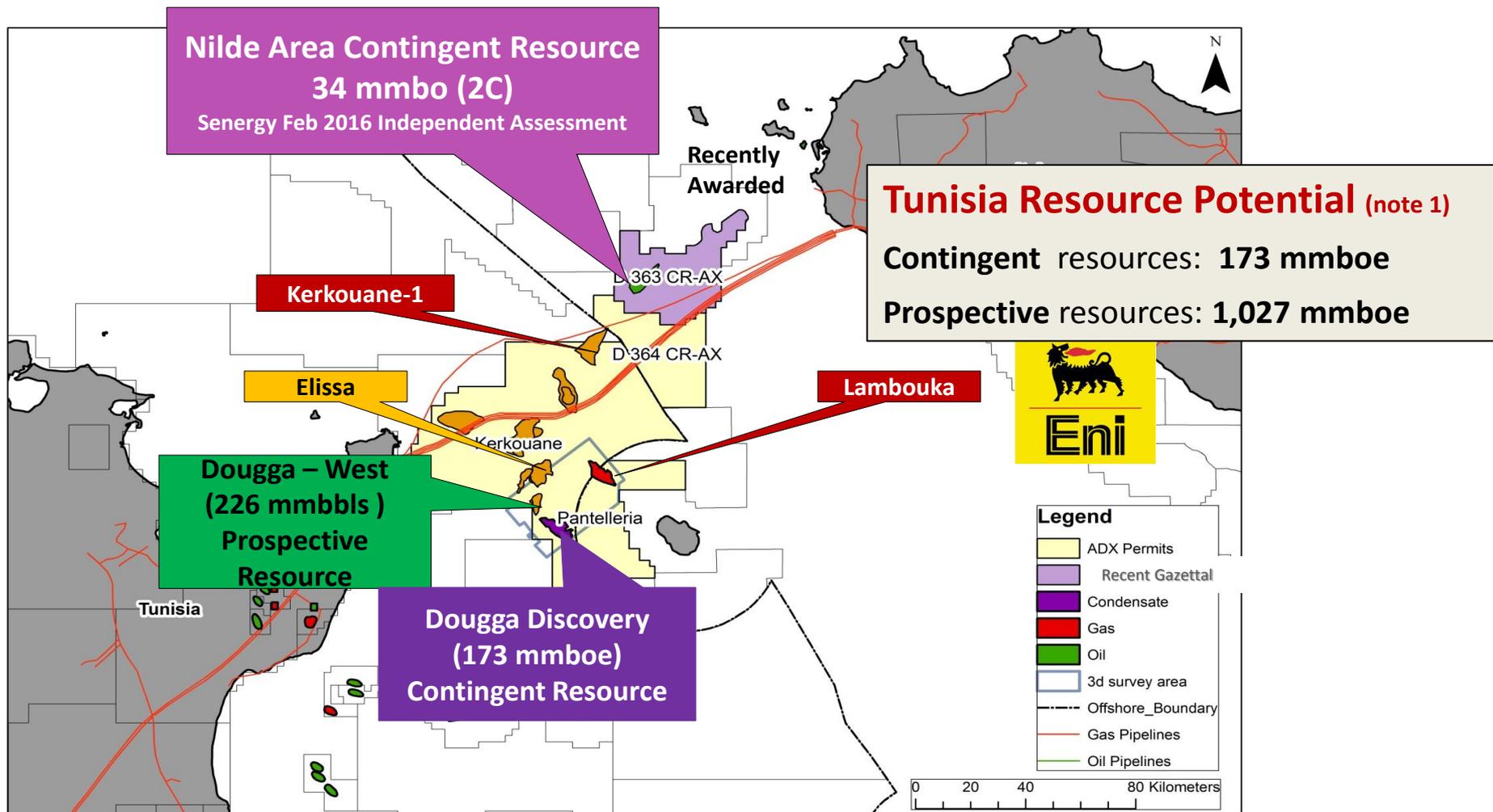
# ADX SICILY CHANNEL POSITION

## - Selected Fields and Discoveries



# SICILY CHANNEL RESOURCES SUMMARY

All Permits at 100% equity



Note 1. Prospective and contingent resources were calculated using the probabilistic method and are best estimates. Conversion factor: 1BOE = 5.62 scf. Reporting date: prospective resources 6 Sept 2013, contingent resources 26 Sept 2012.

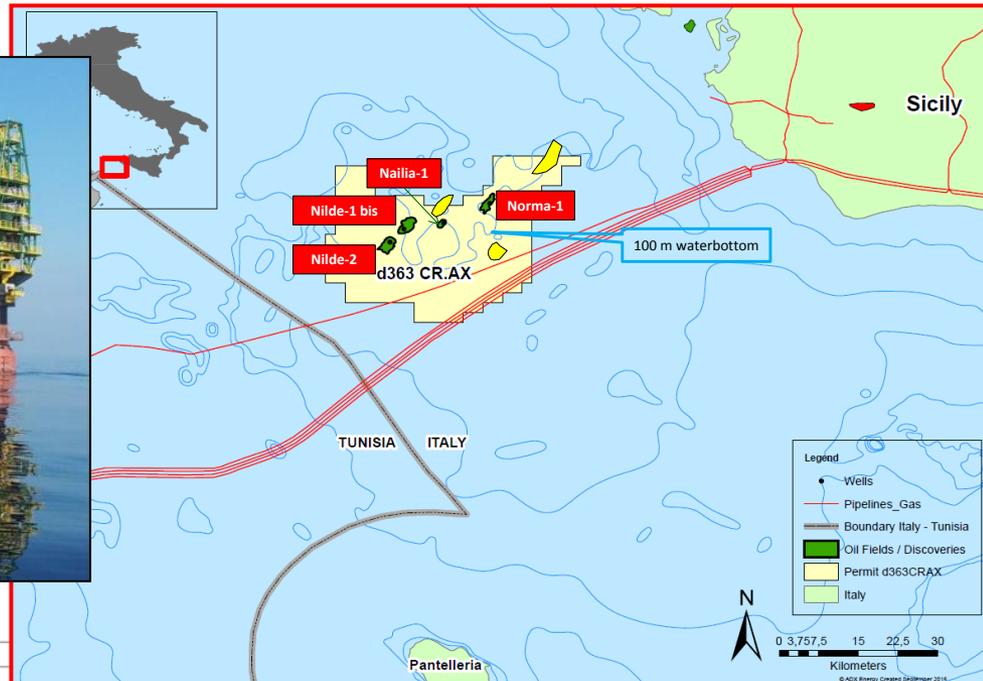
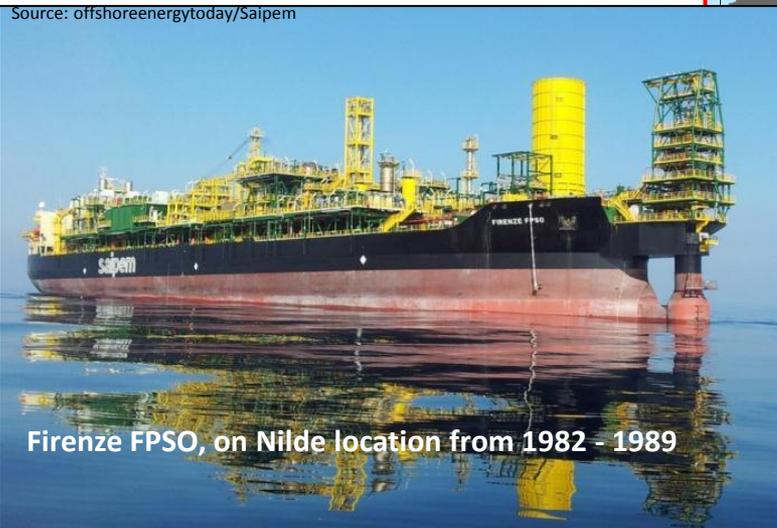


# CURRENT ASSETS: Nilde Oil Field Area

## Background

- 1 Abandoned Oil Field with 3 Oil discoveries (all tested)
- Nilde field produced but abandoned prematurely
- Excellent production, seismic and well data base >> high confidence resource
  - Rapid low cost conversion to reserves with desk top studies and determining preferred development option
- Substantial 34 mmbbl audited remaining 2C recoverable resources

Source: offshoreenergytoday/Saipem



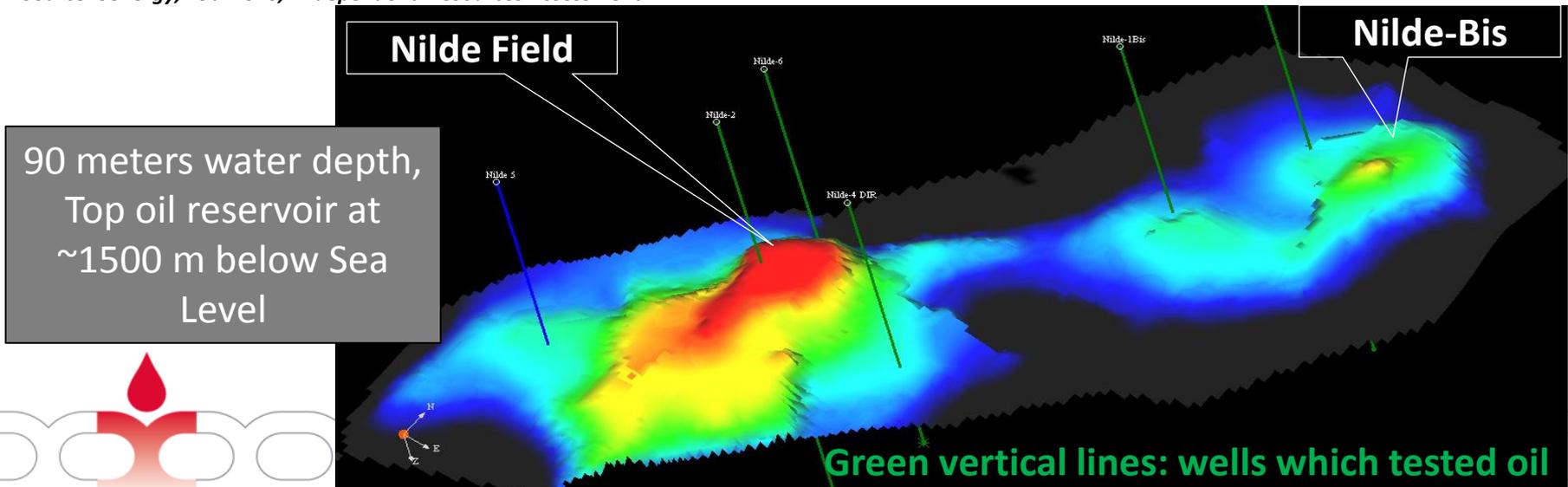
# NILDE FIELD AREA - Contingent Oil Resources

Gross Contingent <sup>1</sup> Resources Volumes (MMstb)			
	1C <sup>2</sup> Estimate	2C <sup>2</sup> Estimate	3C <sup>2</sup> Estimate
Nilde Field	8.7	13.1	17.8
Nilde- Bis Discovery	9.3	15.3	21.0
Norma Discovery	1.2	3.9	12.9
Naila Discovery	1.0	1.7	2.7
<b>Total<sup>3</sup></b>	<b>20.2</b>	<b>34.0</b>	<b>54.4</b>

## Notes

1. Contingent Resources: those quantities of petroleum estimated, as of 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.
2. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the P<sub>90</sub> (90% probability), P<sub>50</sub>, and P<sub>10</sub>, respectively, for individual opportunities.
3. Totals are by arithmetic summation as recommended under PRMS guidelines. This results in a conservative low case total and optimistic high case total.

Source: Senergy, Feb. 2016, Independent Resources Assessment



# NILDE FIELD AREA - Key Project Attributes



## High Confidence from Extensive Data Base

- Historical production and test data for all undeveloped discoveries provides confidence on reservoir performance and crude quality (light oil, 39° API).
- Excellent 2D seismic data quality and good coverage.

## Low Costs and Excellent Fiscal Terms

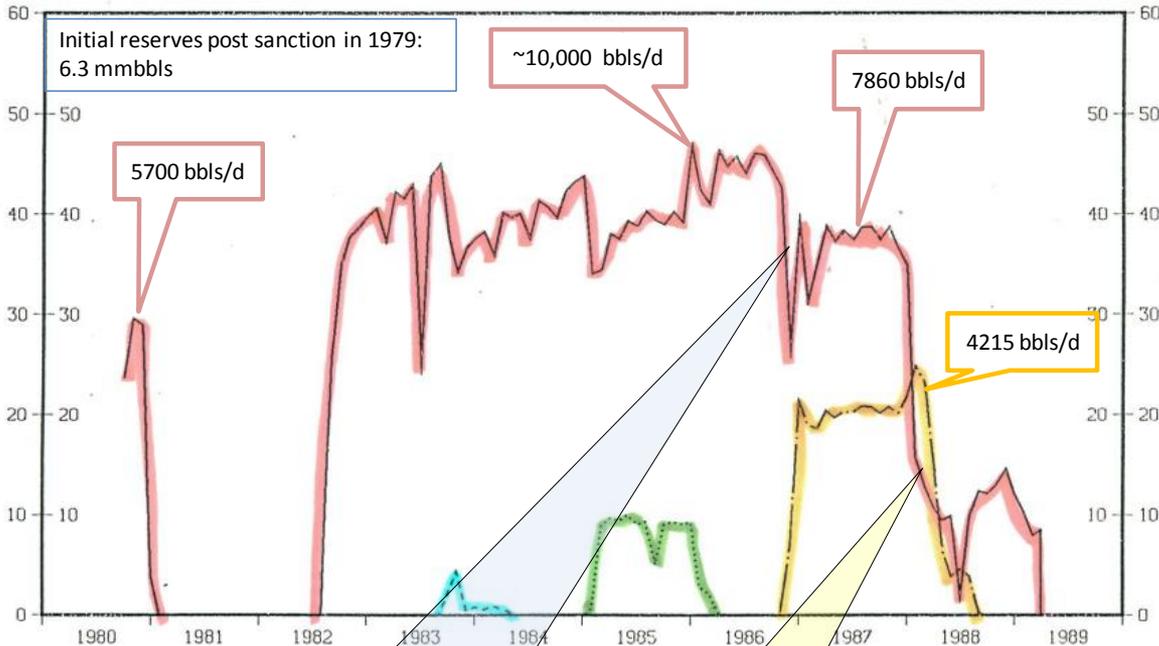
- High well production well productivities (approx 10,000 BOPD - vertical wells).
- Shallow drill depths (less than 1700m).
- Modest water depths (approx 90m at Nilde field location) and benign sea conditions.
- Simple, modest royalty based regime (4% royalty, with royalty free production of first 350,000 bbls oil).

## Nilde and Nilde Bis Provide Critical Mass for Initial Development

- A substantial 1C resource at Nilde and Nilde-Bis of 18 million barrels with 2C resource of 28 million barrels
- Likely base case option of two production wells and a Floating Production Storage Offloading Unit (FPSO)
- Indicative economics yield breakeven at sub US\$30 per barrel oil for 1C resource case and Post tax NPV<sub>10</sub> of US \$ 160 million and US\$ 365 million for the 1C and 2C resource cases respectively at US\$ 40 per barrel.

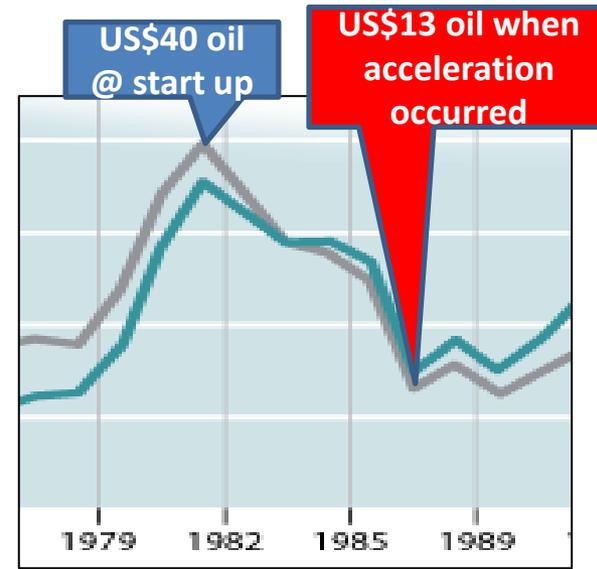
# NILDE OIL FIELD - Production History

## Nilde oil produced: 21 mmbbls before abandonment



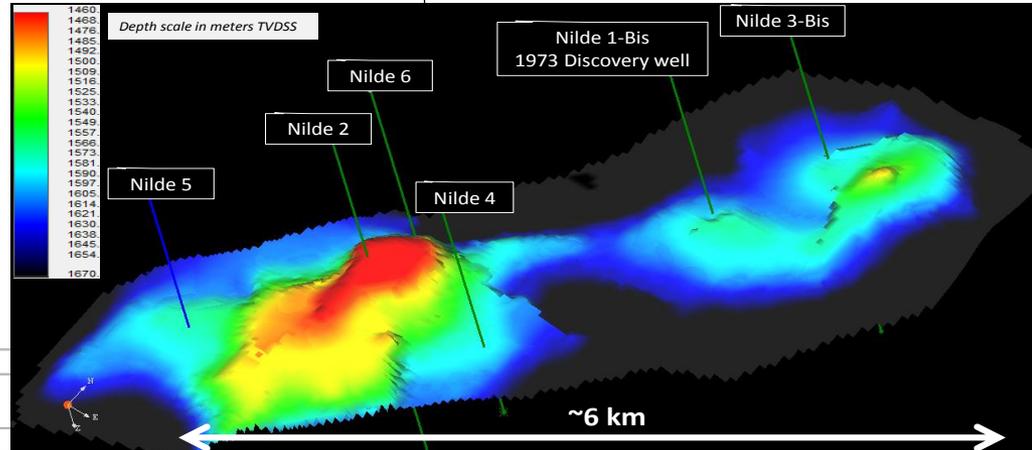
Source: ENI Nilde abandonment report which explicitly stated OIL rates

Peak production coincided with water break through and 1988 oil price collapse



**NILDE-2 produced for 5 years at flat rate of 10,000 BOPD with no water**

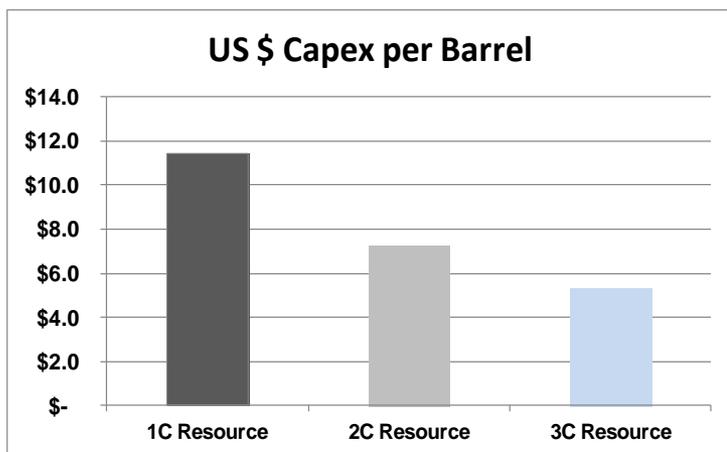
**NILDE – 6 was added when oil price dropped to accelerate production. Resulted in water encroachment with no water handling on vessel or lifting capability in wells**



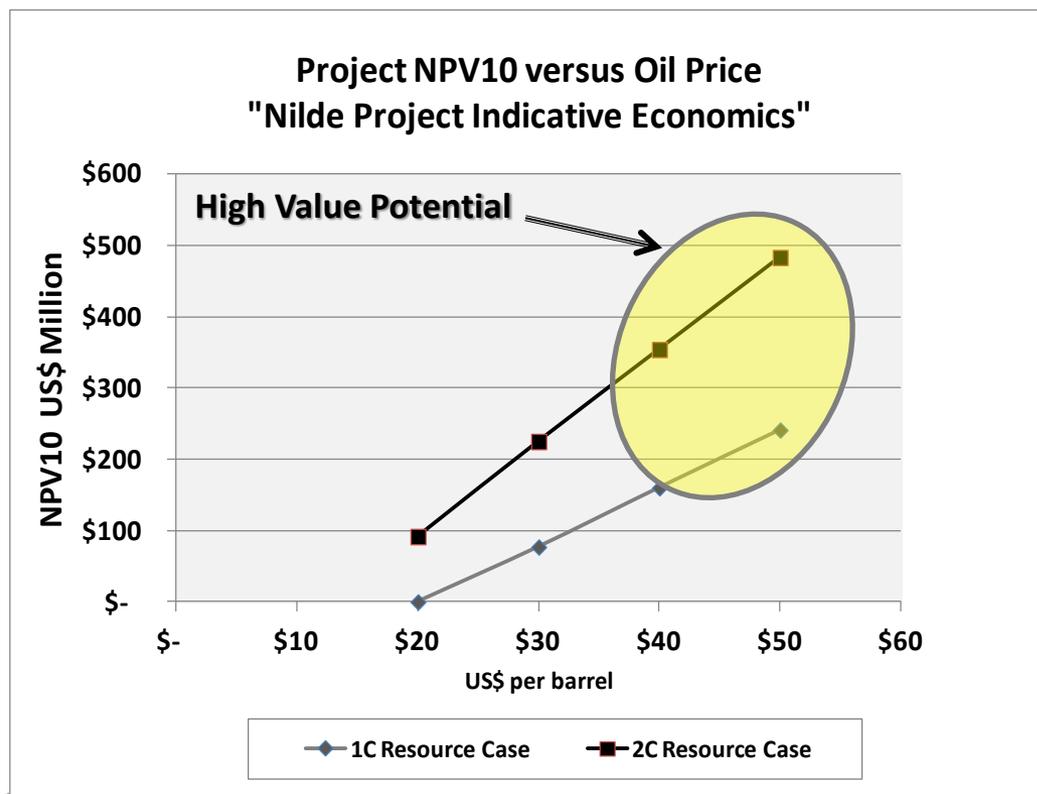
# NILDE FIELD AREA - Commercialisation

## Recent Progress

- Engaged with FPSO and Drilling Contractors to determine likely development costs, operating costs and preferred development options
- Completed indicative economics based on FPSO option
- Development of 3D Geological model incorporating extensive drilling, production and seismic data



**Low Capex per barrel – even lower with leased FPSO**



# NILDE FIELD AREA – Indicative Economics

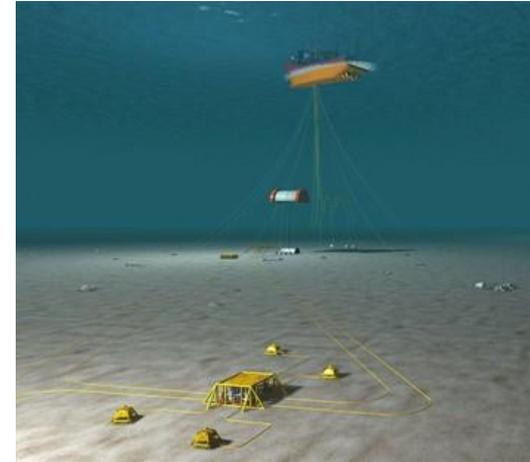


## Development Scenario Assumptions

- 2 production wells centrally located
- Develop Nilde and Nilde Bis only
- FPSO Development – Build Own Operate
- Water depth approx. 100 m
- Well total TVD approx. 1700 m
- Oil export via shuttle tanker(s) to local refinery

## Development Cost Summary

- 2 Slanted Development Sub Sea Wells
  - US\$ 30 m per well
  - Costs include a tested Appraisal Well – US\$ 20.3 m (not used for development)
  - Costs also include US\$ 13 m of G&G studies, seismic and engineering
- FPSO Cost including Engineering and Installation = US \$130 m
- Operating Costs = US \$12 m p.a fixed plus variable component.
- CO2 emission certificate cost assumed at 0.15USD/bbl oil produced



## Production Assumptions

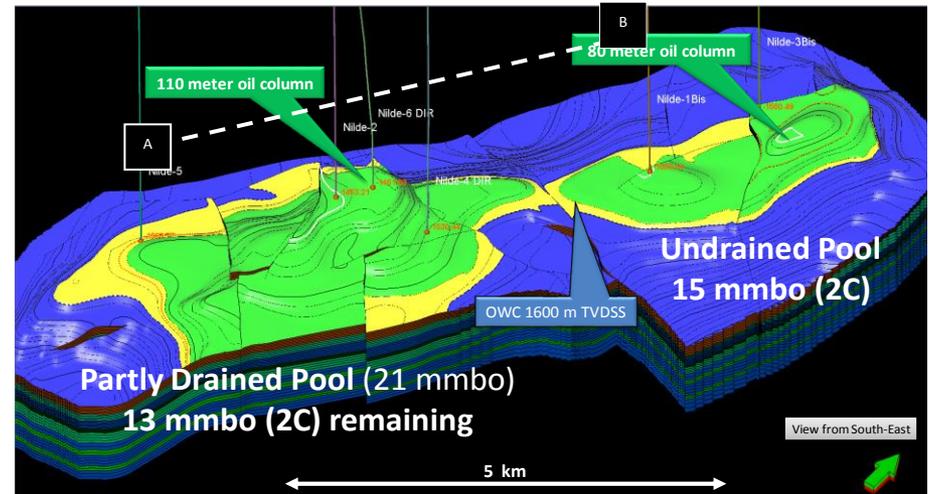
<b>1C Production Case</b> - Senergy ultimate recovery 18 mmbbl (Nilde and Nilde Bis only)
▪ Initial rate of 6,000 bbl/d/well, decline 7.5% p.a. and massive water ingress in 5th year
<b>2C Production Case</b> - Senergy ultimate recovery 28.4 mmbbl (Nilde and Nilde Bis only)
▪ Initial rate of 10,000 bbl/d/well, decline 5% p.a. and massive water ingress in 5th year
<b>3C Production Case</b> - Senergy ultimate recovery 38.8 mmbbl (Nilde and Nilde Bis only)
▪ Initial rate of 14,000 bbl/d/well, decline 2.5% p.a. and massive water ingress in 5th year



# NILDE FIELD AREA - Commercialisation

## 3D Geological Model

A 3D visualisation of the reservoir incorporating the reservoir properties which affect oil in place, oil flow and oil recovery from the resources at Nilde and Nilde-Bis. ***Promising oil in place volumes results from new model.***



## Way Forward

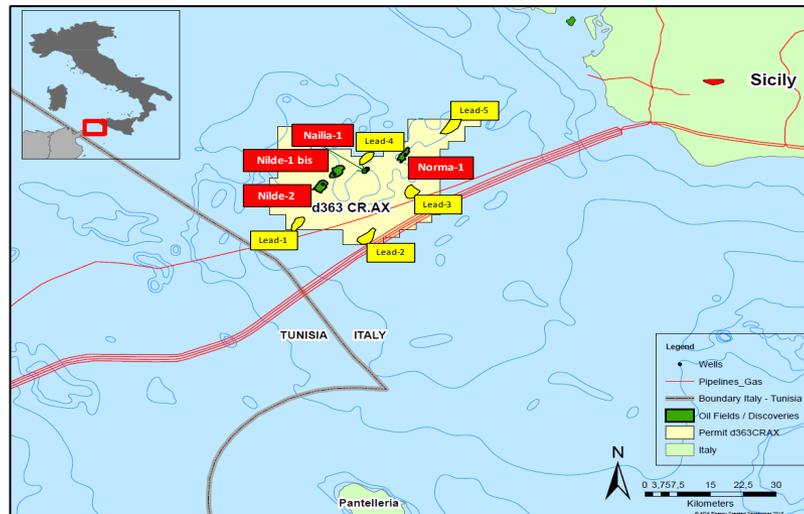
- Utilise 3D Geological Model to develop a reservoir production simulation model - utilising production history to better predict future well performance and optimise development
- Finalise a fit for purpose and cost effective development solution
- Submit a field “Development Plan” to Italian Authorities
- Move ***Contingent resources*** into ***Reserves category***
- Ongoing engagement with interested parties on joint development or funding >> ***secure industry funding or contractor alliance structures***



# NILDE FIELD AREA – Exploration Potential



- Mapping of 5 exploration leads defined with existing 2D seismic in the d363CR-.AX permit with a total best estimate prospective resources of 90 million barrels of oil.
- Planned 3D Seismic has potential to mature Nilde near field lookalike structures for potential future tie-ins
- ***The ASX Reporting Date for the prospective resources announced is 21 April 2016***



## Prospective Resources for Exploration Leads

D 363 CR.AX Permit Prospective Resources MMb (Recoverable)			
Location	Low	Best	High
Lead 1 "Lippone Due"	8	13	20
Lead 2 "Nunzia Updip"	6	12	21
Lead 3	5	14	30
Lead 4	9	20	49
Lead 5	12	31	81
<b>Total Permit</b>	<b>40</b>	<b>90</b>	<b>201</b>

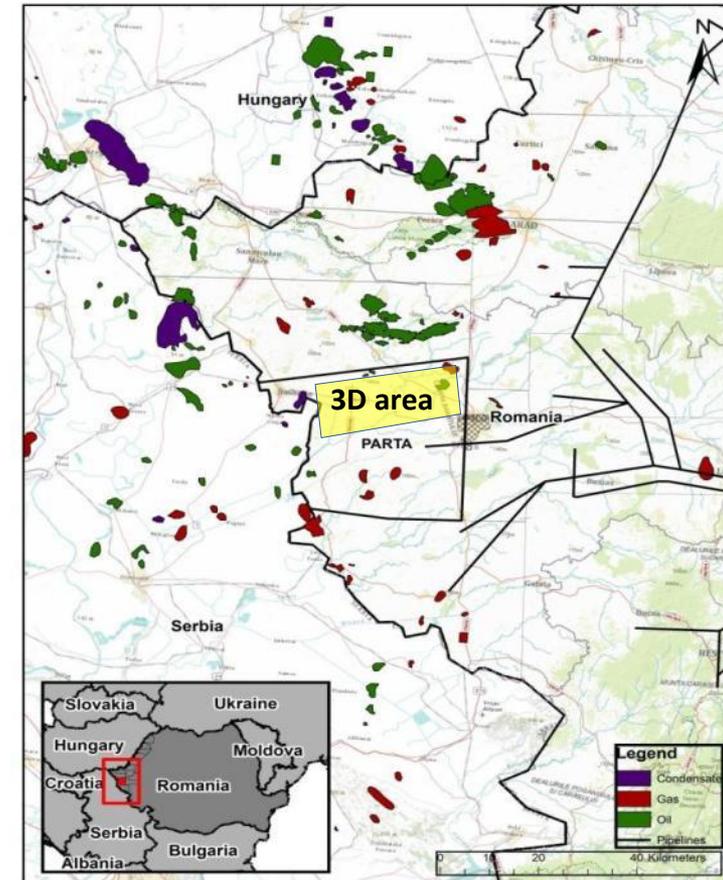
**PROSPECTIVE RESOURCES & DEFINITIONS** The estimates have been prepared by the company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2011 approved by the Society of Petroleum Engineer. Prospective Resource estimates are for recoverable volumes and unless otherwise stated this report quotes Best Estimates. The estimates are unrisks and have not been adjusted for both an associated chance of discovery and a chance of development.



# CURRENT ASSETS – Parta Permit Progress

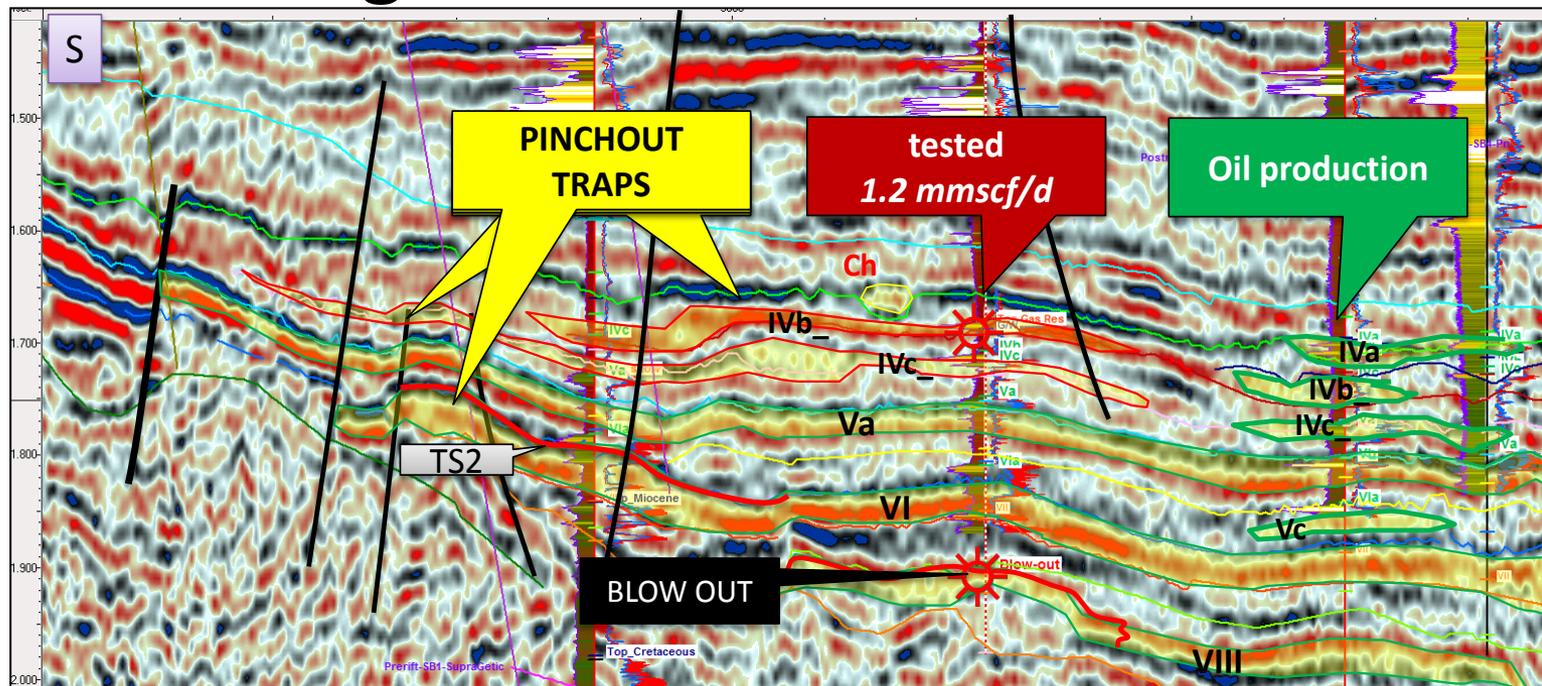


- 30 months extension of first exploration phase agreed with NAMR, government ratification pending
- 2D seismic acquired indicating excellent prospectivity
- Extensive landowner work to secure access resulting in community support and petroleum law is now applied as a efficient and fast default process in local courts to grant land access.
- As a result 3D seismic now can be acquired for “shooting fish in a barrel” prospects close to producing fields

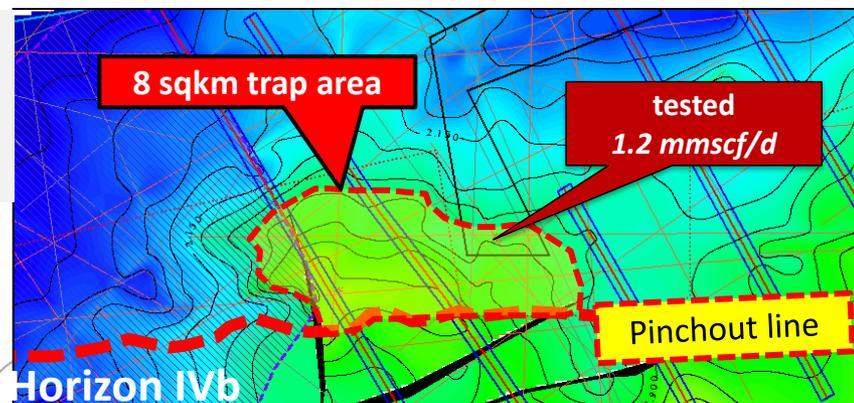


# PARTA 3D SEISMIC IS A GAME CHANGER

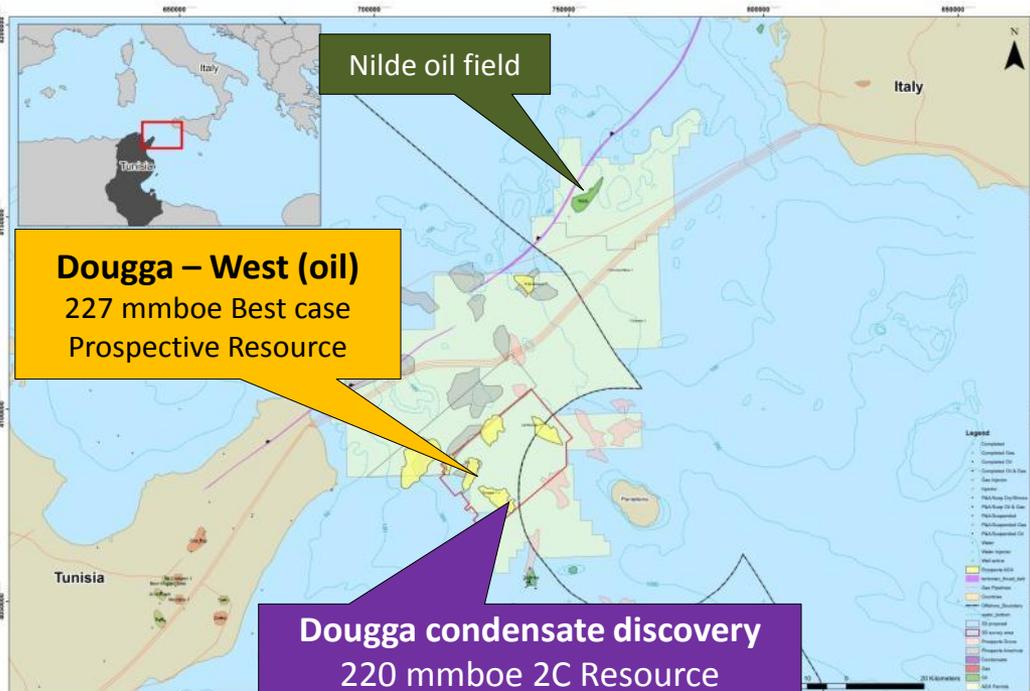
## “Shooting Fish in a barrel”



- ✓ Oil & Gas charge proven
- ✓ Multi – horizon play proven
- ✓ Use 3D seismic to drill sweet spots



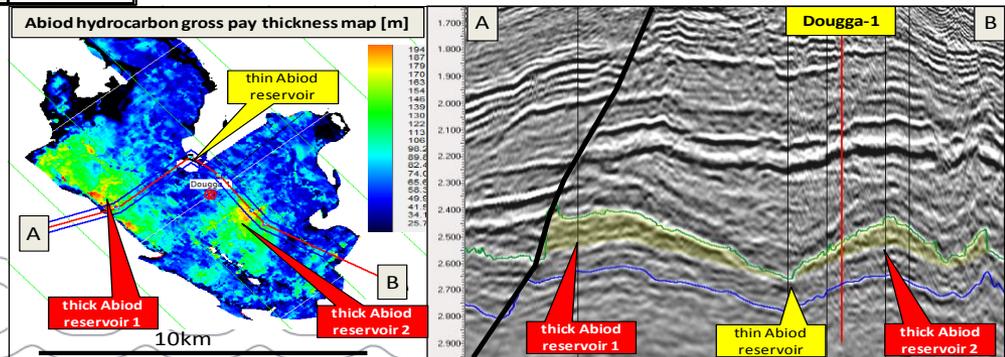
# KERKOUANE PERMIT – Offshore Tunisia



- The ADX Tunisian offshore license area encompasses approx. 5,000 km<sup>2</sup> of a proven hydrocarbon province.
- Kerkouane (Tunisia) offers several very large resource size prospects and appraisal projects (Dougga-1 discovery) covered by 3D seismic.
- The current oil price environment however dictates a focus on countries with superior fiscal terms and lower costs. Hence the forward plan is to extend the Kerkouane license and farm down.

GROSS CONTINGENT + PROSPECTIVE RESOURCES	C1+LOW	C2+BEST	C3+HIGH
<b>Total RECOVERABLE MMBOE</b>	<b>127</b>	<b>220</b>	<b>333</b>
Total Sales Gas recoverable [bcf]	325	570	862
Total Condensate Recoverable [mmbbls]	50	87	131
Total LPG Recoverable [mmbbls]	16	29	45

**Dougga Appraisal - Resources Summary**  
**ASX release 14 Oct 2014**



# GROWTH POTENTIAL - Well Positioned



## Central & Southern Europe Opportunities

A number of appraisal and re development opportunities are currently under review in Germany and Italy.

## Romanian Opportunities

The low oil price has created momentum in a market which used to be dominated by two national companies (Romgaz & Petrom) who were until recently hesitant to relinquish exploration/appraisal areas or sell producing assets. The opportunities include a producing oilfield inside the ADX Parta license in an area which will be covered by ADX 3D.

## Low cost, low risk production in areas we know well

- Compliment current assets with low opex & cash flow
- Leverage value development at Nilde to secure other assets



# SUMMARY – Playing to our strengths



1. A strategic change has been required to adapt the new oil price regime >> *Reduced administration costs and asset refocus*
2. The “**Nilde Oil Field Area**” offshore Italy has the potential for a significant reserve >> establishing reserves rapidly through a relatively small investment in engineering and development studies.
3. Nilde commercialisation is the Company’s priority. Nilde and Nilde Bis potentially viable and valuable in a low oil price environment >> ***Nilde can yield transformational shareholder value rapidly***
4. Further low risk growth potential in low cost European environment. Potential to secure new reserves and production opportunities available in countries we know well with excellent infrastructure and fiscal regimes.
5. Retain options over large prospective and contingent resource positions that will come into play in longer term.

**“Well positioned to re build and flourish in a tough environment”**



# IMMEDIATE ACTIVITY – Outlook for 2016



## 1. Corporate

Continue to seek efficiencies and cost cutting opportunities, build talent pool achieve recognition for tangible and substantial asset value.

## 2. Italy – Nilde area:

Move contingent resources into reserves, establishing commerciality and value. Engage interested parties for Industry finance and joint development

## 3. Romania - Parta:

Prepare with JV partner RAG for 3D seismic acquisition during the year and secure industry funding via joint farm out.

## 3. Tunisia – Kerkouane

Retain option over large contingent resource base.

## 4. Low Cost Portfolio Enhancement in Core Areas

Take advantage of the current urgency for large E&P operators to divest from non core, small to medium sized (producing) assets in Romania, Germany and Italy.



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