

16 April 2020

OPERATIONAL UPDATE

Austrian Production and Romanian Appraisal

Key Points:

Austrian Operations

- 🔥 **Production operations** have continued without interruption and at forecast production rates, currently 340 barrels of oil equivalent per day. The security of ongoing production benefits from a high level of field automation and direct export by pipeline to the OMV refinery in nearby Vienna.
- 🔥 **Oil field revenues** have been maintained in excess of operating costs due to ADX's hedging strategy introduced in early March.
- 🔥 **Excess cash flow** is being used to fund high priority capital expenditure as well as Austrian corporate and technical personnel costs where the ADX core technical team is located.
- 🔥 **Reserves Audit** providing a base line reserves and contingent resource position to be completed this quarter with an internationally qualified independent technical auditor.
- 🔥 **Gas development opportunities** are being pursued that provide low risk reserves growth, a rapid pathway to cash flow and diversity of revenues.

Romanian Appraisal & Exploration

- 🔥 **IMIC -1 testing** will be delayed by approximately 2 months due to the border closures which has prevented some essential services to be sourced.
- 🔥 **IMIC -2 drill site preparations** have commenced with expected well spud in late Q3 2020.
- 🔥 **3D seismic acquisition** is expected to commence in July 2020 when COVID-19 border closures are expected to be lifted.

Finance and Corporate

- 🔥 **Austrian cash flows** are funding local operational and management costs as well as some corporate and financing costs.
- 🔥 **Romania appraisal and exploration expenditures** funded by contributions from Reabold and ADX (A\$ 4.2 million) announced 2 December 2019 and the farmin by Tamaska (US\$ 1.5 million).

ADX Energy Ltd (ASX Code: **ADX**), is pleased to advise that despite the difficult conditions currently faced by the oil and gas industry ADX continues to make progress establishing its Austrian business and remains operationally and financially robust.

Austrian oil and gas production from the recently acquired Gaiselberg and Zistersdorf fields continues to perform above pre-purchase expectation. The presence of highly automated, reliable production infrastructure and direct access by pipeline to the local OMV refinery in Vienna ensures security of sales revenues. Despite restrictions in Austria due to the COVID-19 virus ADX has been able to execute the majority of planned well work over jobs with a German rig contractor to enhance field production.

Field personnel have been subdivided into two separated shifts which ensures continued operations, maintenance work and workover work. All workspaces are set up to allow individual isolation so that in the unlikely case of a COVID-19 infection the safety for others is ensured at all times.

In addition to ongoing production operations our Austrian technical team has identified, matured and quantified a number of field development opportunities as well as appraisal opportunities to add to ADX existing reserves and resources. ADX has engaged an independent consulting group to independently audit ADX Austrian reserves and resources position and is looking forward to disclosing results to shareholders during the second quarter of 2020.

Due to the COVID-19 pandemic the ADX Vienna team has worked from home since mid-March. ADX is fortunate to be operating in a jurisdiction where the effects of the COVID-19 on its work force are recognised and ADX will be compensated for up to 30% of its total salary costs, including health service contributions and superannuation. Together with Germany, Austria has by far the highest number of special care hospital beds in Europe (source: The Economist, 28 March 2020). Austria has responded to the crisis with great effect and is well placed to lift restrictions earlier than other jurisdictions.

In Romania ADX has deferred the testing of the successful IMIC -1 well because some of the required services need to be imported from neighbouring Hungary. Since late March Romania has closed its borders restricting access to essential personnel and imported goods. At this stage ADX expects that Romanian borders will remain closed until mid-May. ADX's other planned operations in Romania include the acquisition of 3D seismic and the drilling of the IMIC – 2 appraisal well. These activities are expected to commence as planned in late July 2020 and September 2020 respectively. Site preparation with local contractors for the IMIC -2 well have already commenced in preparation for future drilling operations.



Road construction operations for the IMIC -2 appraisal well.

The Parta 3D seismic acquisition program is expected to commence in July 2020 after all environmental and regulatory approvals have been secured and after COVID-19 border closures are expected to be lifted. Currently 90% of the required permits to commence operations have been obtained.

Testing and appraisal activities will be funded via funding contributions made by both Reabold Resources Plc (LSE AIM:RBD) ("Reabold") and ADX in December 2019 to Danube Petroleum Limited ("Danube"). Reabold contributed to £1,953,125 and ADX contributed £290,314 of new funding. 3D exploration seismic in the Parta permit will be funded by Parta Energy Ltd a subsidiary of Tamaska Oil and Gas ("Tamaska") pursuant to a farm in agreement where Tamaska will fund a US\$ 1.5 million seismic program to earn a 50% interest in the Parta Exploration Licence (refer ASX announcement dated 8 April 2019).

The combination of stable cash flow from ADX Austrian production revenues and investment from partners such as Reabold and Tamaska ensures ADX can continue to fund its activities and develop its assets in Austria and Romania despite the currently very challenging business environment.

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