

1 June 2021

ADX ENHANCES ITS OIL PRICE HEDGING POSITION FOR AUSTRIAN PRODUCTION

“Brent swap contract secured at USD 66.03 per barrel replacing expired contract at USD 41.77 per barrel”

Key Points:

- ADX has secured fixed price swaps at an average Brent crude oil price of USD 66.03 per barrel for the period from 1 July 2021 to 31 December 2021 for quantities equivalent to 40% of the Gaiselberg and Zistersdorf fields forecast proven (1P) crude oil production.
- The new hedging position replaces a previous swap contract at a fixed Brent price of USD 41.77 per barrel which expired 30 April 2021 significantly enhancing effective sales price for a large portion of the Company’s production for the remainder of 2021.
- The level of ADX crude oil production hedged with the new swap contract is approximately 100 barrels of oil per day over the period compared to the current field oil equivalent production of 340 barrels of oil equivalent per day.
- A further fixed price swap representing 40% of ADX (1P) production at an average Brent crude oil price of USD 44.34 per barrel will expire on 30 June 2021 at which time in excess of 60% of production will be unhedged.
- The revised hedging position in combination with prevailing oil pricing for the Company’s unhedged position is expected to provide a substantial increase in sales revenues from the fields.
- ADX will continue to review its hedging position to secure certainty of cash flow in order to ensure at a minimum the Company covers field operating costs, well work over costs and maintenance costs required to maintain optimal levels of production as well as local administrative costs required to continue a program of on-going portfolio growth initiatives for oil and gas as well as compatible green energy opportunities.
- The hedging counterparty for this transaction as well as the previous hedging is BP.

ADX Energy Ltd (ASX Code: **ADX**) is pleased to advise that it has executed hedging transactions with BP for fixed price swaps from 1 July 2021 to 30 December 2021 representing 40% of ADX proven (1P) production from its Gaiselberg and Zistersdorf fields at an average Brent crude oil price of USD 66.03 per barrel. The new swap contract represents a 58% increase in Brent crude oil price from a previous fixed price swap contract which expired on the 30 April 2021.

The volume of oil production covered by the new fixed price swaps is 18,035 barrels during the period of hedging (approximately 100 barrels of oil per day). This volume of hedged oil production compares with the current Gaiselberg and Zistersdorf field production of 340 barrels of oil equivalent per day.

Another fixed price swap contract which is currently in place representing 40% of ADX (1P) field production at an average Brent crude oil price of USD 44.34 per barrel will expire on 30 June 2021. Following the expiry of this contract in excess of 60% of current oil production will be unhedged.

Substantially improved trading conditions for crude oil exist now compared to the majority of 2020 which provide substantially increased net revenues from the Gaiselberg and Zistersdorf fields. Despite the improved trading conditions for crude oil pricing, a number of risks exist including the on-going impact of the COVID-19 pandemic, US monetary policy and OPEC policy regarding production targets. ADX believes it is prudent to lock in some of its 2021 production at favourable oil pricing levels and continues to deploy an on-going hedging strategy that ensures sufficient revenue is available to cover all field operating costs, overheads, planned field maintenance, production enhancing well work over work and local administrative costs required to continue a program of on-going portfolio growth initiatives for oil and gas as well as compatible green energy opportunities.

The combination of recent increases in field production, efficient operations as well as stable, long lived, low decline and high value oil production ensures that the Gaiselberg and Zistersdorf fields will continue to deliver strong cash flow.

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