



# **ADX Energy Ltd**

**ABN 50 009 058 646**

**HALF-YEAR FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED  
30 JUNE 2022**

**Directors**

Ian Tchacos (Executive Chairman)  
Paul Fink (Executive Director)  
Andrew Childs (Non-Executive Director)  
Edouard Etienvre (Non-Executive Director)

**Company Secretaries**

Amanda Sparks  
Peter Ironside

**Registered and Principal Office**

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**Solicitors**

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth Western Australia 6000

**Bankers**

Commonwealth Bank of Australia  
1254 Hay Street  
West Perth Western Australia 6005

**Stock Exchange Listing**

Australian Stock Exchange - ASX Code: ADX  
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Perth, Western Australia 6000

**Auditors**

Rothsay Audit & Assurance Pty Ltd  
Level 1, Lincoln Building  
4 Ventnor Avenue  
West Perth, Western Australia 6005

# ADX ENERGY LTD

## DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 30 June 2022.

### DIRECTORS

The names of Directors of the Company during or since the half-year and up to the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

| Name                | Position                   |
|---------------------|----------------------------|
| Mr Ian Tchacos      | Executive Chairman         |
| Mr Paul Fink        | CEO and Executive Director |
| Mr Andrew Childs    | Non-Executive Director     |
| Mr Edouard Etienvre | Non-Executive Director     |

### REVIEW AND RESULTS OF OPERATIONS

#### Summary of Financial Performance

A summary of key financial indicators for the Group, with prior half-year period comparison, is set out in the following table:

|                                                                                            | Consolidated<br>6 Months to<br>30 June 2022<br>\$ | Consolidated<br>6 Months to<br>30 June 2021<br>\$ |
|--------------------------------------------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|
| Net profit/(loss) for the half-year after tax attributable to members of the Parent Entity | (940,466)                                         | (1,881,877)                                       |
| Included in loss for the half-year:                                                        |                                                   |                                                   |
| Operating revenue                                                                          | 6,658,608                                         | 4,493,776                                         |
| Cost of sales – operating costs                                                            | (2,950,002)                                       | (2,511,344)                                       |
| Cost of sales – depreciation/amortisation                                                  | (1,180,111)                                       | (1,418,927)                                       |
| Exploration expensed                                                                       | (1,097,331)                                       | (1,170,024)                                       |
| Basic profit/(loss) per share (cents) from continuing operations                           | (0.03) cents                                      | (0.08) cents                                      |
| Net cash from/(used in) operating activities                                               | 2,293,946                                         | (1,327,536)                                       |
| Net cash from/(used in) investing activities                                               | (4,699,645)                                       | (515,839)                                         |
| Net cash from/(used in) financing activities                                               | (1,014,951)                                       | 3,731,080                                         |

During the six month period ended 30 June 2022:

- Exploration expenditure was \$1,097,331. This was expenditure primarily in Austria.
- Production from ADX's Zistersdorf and Gaiselberg Fields in Austria was as follows:

|                                 | 6 Months to<br>30 June 2022 | 6 Months to<br>30 June 2021 |
|---------------------------------|-----------------------------|-----------------------------|
| Crude Oil Sold (Barrels)        | 37,566                      | 50,883                      |
| Gas Sold (M <sup>3</sup> )      | 1,046,230                   | 740,948                     |
| Total Oil Equivalent (BOE)      | 43,940                      | 55,396                      |
| Average Production Rate (BOEPD) | 243                         | 306                         |

## Operations Review

### Activities Overview

During the half year ended 30 June 2022, ADX continued to:

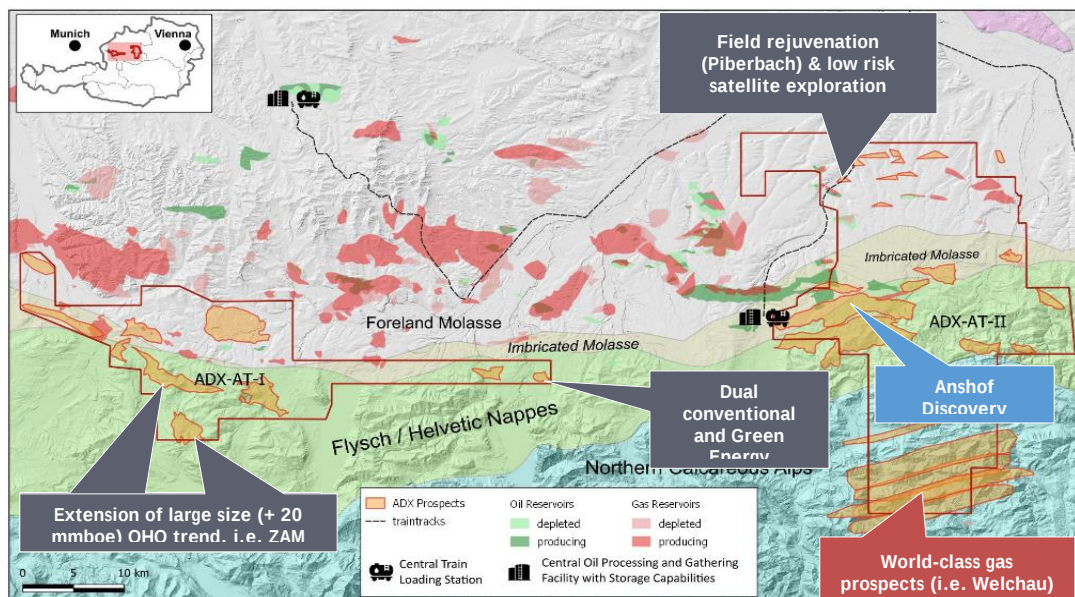
- produce safe, long life and low emissions oil and gas;
- commenced developing new energy reserves discovered during the half year;
- expanded its portfolio of high impact and low risk exploration; and
- continued pursuing the feasibility of complimentary long-term zero carbon energy projects.

ADX has successfully:

- expanded its Austrian business with the discovery and testing of the Anshof-3 well in Upper Austria; and
- extended its Upper Austrian exploration position to include:
  - o a number of high impact gas prospects,
  - o a potential geothermal project, and
  - o reviewed depleted reservoirs which may be used for gas storage as well hydrogen storage in the future.

The Anshof discovery is ADX' first exploration well drilled within a year of securing its Upper Austrian acreage position. The timing of drilling in such a short timeframe demonstrates the capability of our local team as well as the ability to rapidly permit and execute operations in Austria. Looking forward, ADX has been able to secure an early production facility and finalised a crude sales and delivery agreement with RAG Exploration and Production GmbH ("RAG E&P") for the commercial production of Anshof-3 well during long term early production testing. Production is expected to commence during October 2022. The Anshof discovery is expected to enable ADX to rapidly increase its production initially from the Anshof-3 well and subsequently during the coming year with the planned Anshof-2 and Anshof-1 development wells which have the capacity to materially increase ADX' Austrian production and cashflow.

During the reporting period, European natural gas prices have increased to extraordinary levels. The increase in gas price has been due to the combination of strong demand recovery following the COVID-19 pandemic, domestic production constraints and the impact of the Ukraine-Russia conflict. European gas prices from January through June 2022 averaged approximately EUR 100 per MWh which is equivalent to US\$ 30 per Mcf or US\$ 183 per BOE. Further interruptions in supplies of Russian gas which previously contributed 30% of European gas demand have further propelled the Dutch TTF natural gas pricing benchmark post 30 June 2022 to record levels above EUR 200 per MWh.



**Figure 1: Map showing expanded Upper Austrian license areas, the Anshof oil discovery and exploration prospects including Welchau gas prospect**

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Due to the lack of domestic supply alternatives and a limitation in the ability to accelerate liquefied natural gas (LNG) imports, the long term outlook for European gas pricing looks strong for years to come. The 5-year Dutch TTF futures (most liquid market in Europe) is averaging in excess of EUR 100 MWh.

Given the outlook for gas in Europe, ADX has concentrated its efforts on increasing gas production from its Vienna Basin fields as well as bringing forward its Upper Austria gas prospect inventory for drilling. Of particular interest and relevance is the plan to drill the Welchau gas prospect during the coming year. As announced on 16 May 2022, and updated 20 June 2022, Welchau has exceptional resource potential with a best technical prospective resource estimate of 800 billion cubic feet of gas equivalent ("BCFE"). ADX will essentially be picking up where OMV left off in 1989 with the discovery of a gas column in excess of 400 metres at the Molln-1 well. The Molln-1 well tested pipeline quality gas with a high condensate yield at a time of limited gas markets and infrastructure when the OMV was targeting deeper oil potential. The Welchau prospect is relatively shallow (approximately 1120 m total vertical depth) and located close to the national gas pipeline grid infrastructure.

The ongoing strengthening of oil price during the half year period, as well as the increase in gas pricing, has resulted in increased revenues from existing production operations from the Gaiselberg and Zistersdorf oil and gas fields in the Vienna Basin (Vienna Basin Fields) despite increased well downtime which has affected production that peaked during the first half of the 2021 calendar year. During the half year period, production at the Vienna Basin Fields averaged approximately 243 barrels of oil equivalent per day ("BOEPD") compared to 263 BOEPD for the six months to December 2021, a decrease of 8%. Over the reporting period, Brent Crude – the crude oil benchmark upon which Vienna Basin Fields crude oil production is sold, averaged USD 107.6 per barrel compared to USD 76.6 per barrel, an increase of 40%. Over the corresponding period the realised gas price for Vienna Basin Fields gas production averaged EUR 97.0 per MWh compared to EUR 55.5 MWh, an increase of 75%. The production and pricing trends for oil and gas have resulted in a 26% increase in sales revenue from production operations. The strengthening revenues generated from the Vienna Basin Fields have been redeployed to rapidly expand the Company's Austrian business.

In addition to the expansion of ADX' hydrocarbon business, ADX has continued to assess the potential of complimentary renewable energy projects including the Vienna Basin hydrogen production and storage project, a potential Solar Park at its Vienna Basin Fields as well as a potential geothermal project in Upper Austria.

The Vienna basin hydrogen production and storage project at the Vienna Basin Fields is an excellent example of how ADX can redeploy its assets, people and skills for transition to long term low carbon energy production projects. ADX is focused on green hydrogen which is the gold standard for creating hydrogen from water using renewable energy which is carbon free. There is no doubt that there is a large market emerging for green hydrogen. A large deficiency in supply of green hydrogen for the foreseeable future is likely to make it a premium product for the years to come.

By focusing on green hydrogen, ADX is playing to its strengths through the upcycling of its producing oil and gas assets in the Vienna Basin for a sustainable future by taking advantage of a unique set of circumstances including;

- Availability of green power and water for green hydrogen production in close proximity to ADX' Vienna Basin Fields;
- ADX owned land and facilities for the installation of off the shelf electrolysis equipment;
- The ability to store large quantities hydrogen economically in depleted ADX reservoirs;
- The availability of an existing local pipeline network where we can deliver hydrogen for use by the local industry and the community;
- Proximity to the city of Vienna where there are substantial high value market development opportunities; and
- The potential proximity to the future development of a planned hydrogen backbone for the transportation of pure hydrogen.

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Of particular importance for the development of a hydrogen economy is the availability of safe, cost-effective storage. It is ADX' intention to initially commence a pilot project that can effectively generate, store and deliver green hydrogen to local markets. Of particular importance will be the demonstration of the viability of hydrogen storage in ADX depleted reservoirs which can be used for hydrogen generated by ADX or for third party storage. ADX intends to undertake the pilot project with 2.5 MW electrolyser and then up scale the project to 30 MW in line with the availability of premium green hydrogen markets.

The Vienna Basin Fields are already connected to the local pipeline network into which ADX supplies its existing natural gas production. The local pipeline network, since 1 July 2021, has been designated by the Austrian regulatory authorities to receive up to 10% hydrogen by volume (increased from 4%). This will enable ADX to displace a portion of its existing natural gas production with green hydrogen up to the 10% statutory limit. There is a clear commitment from the European Union to further increase the proportion of hydrogen in existing natural gas pipeline networks and in some countries, such as The Netherlands, dedicated hydrogen pipelines are being built or have already been completed.

In addition to the hydrogen production and storage project, ADX is evaluating the feasibility photovoltaic (PV) plants on ADX owned land at its Vienna Basin Fields. ADX has identified two sites within ADX' 13-hectare land portfolio covering an area of approx. 0.5 hectare each which may be suitable for the installation of ground-mounted PV plants with a power generation capacity of 2 MW. The PV plants could generate circa 2 GWh per annum of renewable electricity which is equivalent to 45% of ADX' electricity consumption to run its low emissions oil and gas operations at its Vienna Basin Fields. The PV plants could provide an additional source of stable revenue for ADX, allow ADX to benefit from strong wholesale electricity prices in Austria and contribute to the decarbonisation of its operations.

In Upper Austria, ADX is investigating the feasibility of the Gmunden multi-energy source prospect which includes shallower gas targets as well as a deeper geothermal target which is analogous to highly successful geothermal developments in the Munich region of Germany where a fractured and often karstified Jurassic limestone reservoir is exploited for geothermal applications. The geothermal potential at Gmunden has been assessed by ADX to be capable of delivering 15 to 20 MW of long-term continuous (baseload) geothermal energy from a two-well development. ADX has completed an information memorandum for the project and is planning to commence discussions with interested parties seeking to source geothermal energy for industrial uses or town heating.

Austria is an excellent jurisdiction to build an energy business. In addition to the support provided to ADX by the Austrian Authorities in relation to its operations, ADX has also received additional financial support through subsidy funding. During March 2022, ADX' Austrian subsidiary (ADX VIE GmbH) secured further COVID-19 Pandemic (COVID) subsidy funding from the Austrian government totalling EUR 782,157 (approximately A\$ 1,150,000). The subsidy was paid by Austria's financing agency which supports Austrian companies to mitigate the economic disruption caused by COVID and position those companies for future growth. The fixed cost subsidy assessment was based on eligible fixed business costs during the period from September 2020 to February 2021. This was the second subsidy payment received by ADX which is in addition to a previous payment of EUR 107,500 (approximately A\$ 158,000) received for the period from March 2020 to June 2020.

In addition to ADX Austrian activities, the Company continues to seek further industry funding on behalf of Danube Petroleum Limited ("Danube") through farmout discussions with third parties for its Romanian exploration and production license position. ADX also recommenced activities in relation to its Sicily Chanel acreage offshore Italy after being informed by the relevant Italian authorities that under certain conditions the current license suspension would be lifted and that it may grant a license for the offshore exploration of gas if certain conditions were met. Based on previous technical work, ADX has submitted a report to the Italian authorities detailing the natural gas prospectivity of the license. Several prospects and leads have been mapped based on existing 2D seismic. The combination of relatively shallow drill depths (700 to 1300 metres to the main gas targets), stacked reservoir potential with proven high productivity and the

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existence of prospects with potential gas anomalies identified on seismic has incentivised ADX to pursue the license ratification process with the Italian Authorities with a view to further expanding ADX' European gas prospect portfolio.

During the second half of 2022, ADX will focus on the developing its production base by adding Anshof production to its Vienna Basin Fields, planning and permitting work for drilling of the Welchau gas prospect and progressing its renewable energy projects. The planned activities are summarised as follows;

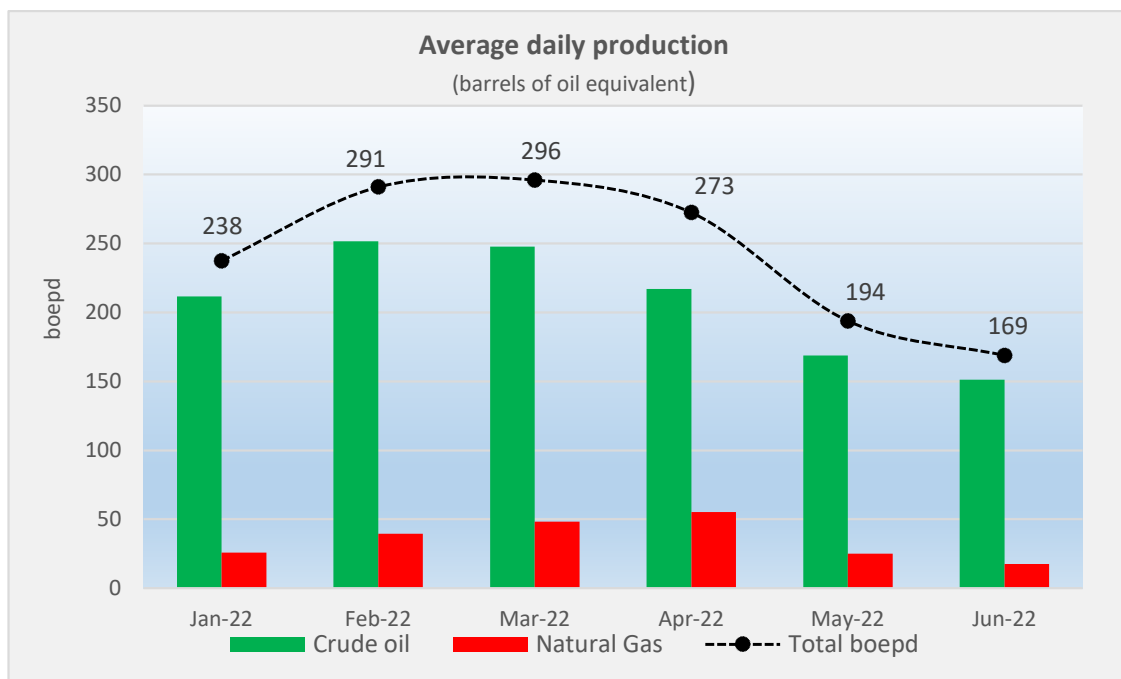
- An independent reserves review of the Anshof oil discovery;
- Commencement of production from the Anshof-3 well;
- Purchase of long lead items and permitting of a surface location to drill the Welchau gas prospect;
- Purchase of long lead items to drill the Anshof-2 and Anshof-1 development wells;
- Ongoing farmout program in relation to the Upper Austria portfolio to secure funding for further drilling;
- Ongoing feasibility studies in relation to the Vienna Basin hydrogen project and Solar Park;
- Partnership formation discussions in relation to the Gmunden geothermal project in Upper Austria; and
- Ratification of ADX Sicily Channel license for gas exploration.

### Asset Activities Summary

#### ***Gaiselberg and Zistersdorf Production Assets, Vienna Basin - Onshore Austria***

*ADX is operator and holds a 100% interest in the production licenses.*

Vienna Basin Fields production rate during the half year averaged approximately 243 BOEPD compared to 263 BOEPD for the six months to December 2021. The 8% reduction was the result of well downtime from a number of key producers during May and June 2022 which will be restored during the coming half year.



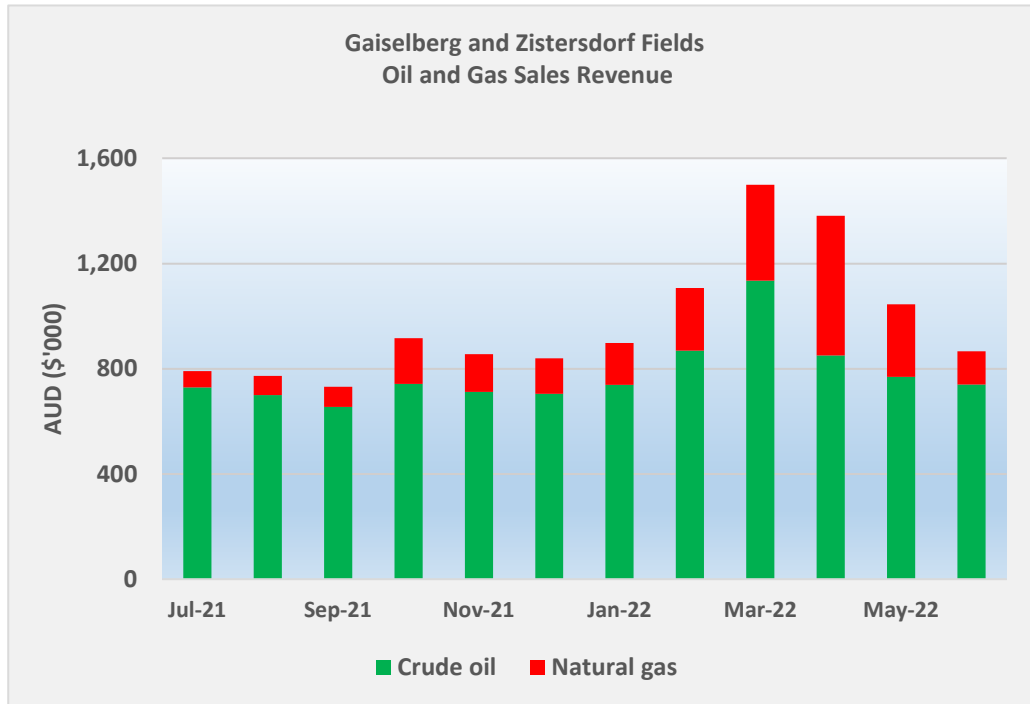
**Figure 2: Gaiselberg and Zistersdorf fields average daily oil equivalent production rate for oil, gas and total BOEPD**

Sales revenues during the six-month period totalled \$ 3,916,310, a 26% increase compared to the previous six months ending 31 December 2021. The increase in revenue is the result of a corresponding increase in the average Brent crude oil price from USD 76.6 per barrel to USD 107.6 per barrel as well as an increase in realised average gas price of EUR 55.5 MWh to EUR 97.0 per MWh.

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Field revenues have increased due to increases in oil and gas pricing despite a decrease in production rates due to well downtime. ADX intends to continue to seek to increase production with planned workovers to maintain oil production and the perforation of behind pipe gas intervals to enhance gas production at a time of high gas prices.



**Figure 3: Gaiselberg and Zistersdorf fields monthly oil and gas sales revenue**

### **Vienna Basin Hydrogen Production and Storage Project**

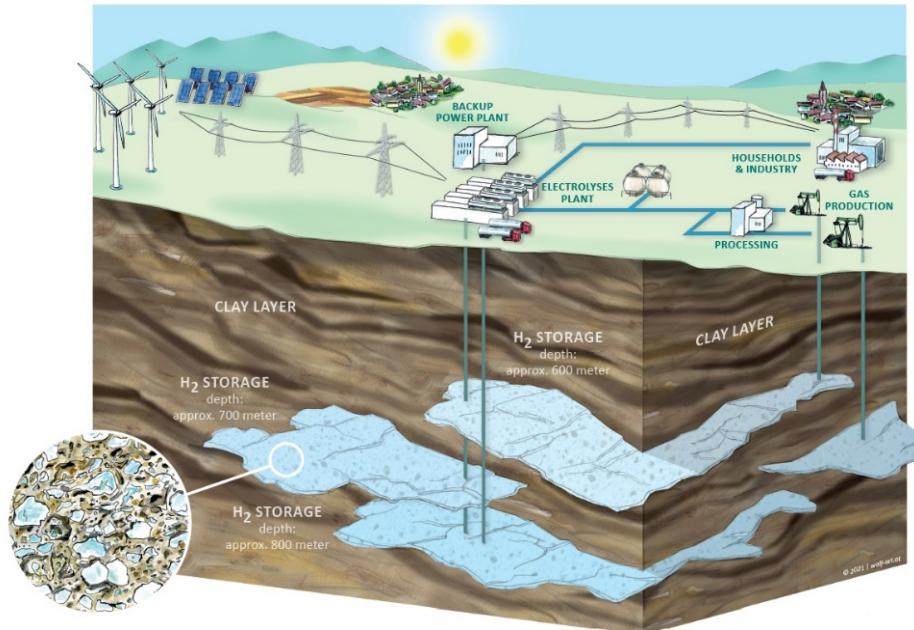
ADX is progressing an integrated hydrogen project in the Vienna basin which is targeting production of renewable hydrogen (through electrolysis using renewable electricity) and storage of such hydrogen in depleted underground reservoirs at its Vienna Basin Fields which were previously producing natural gas.

Renewable hydrogen (H<sub>2</sub>) is a carbon and emission free gas (both in its production and combustion) which needs to be produced from electricity generated from renewable sources and a process resulting in CO<sub>2</sub> emissions of less than 36.4 grams per Mega Joule of hydrogen. Renewable hydrogen can be used:

- to replace diesel, fuel oil, coal or natural gas for electricity or heat generation;
- in various industrial processes such as crude oil or minerals refining, chemical production or fertiliser production; and
- to fuel heavy vehicles (trucks, buses, tractors, etc) for which conversion into electrical vehicles is suboptimal.

ADX is well positioned to develop an integrated hydrogen project at the Vienna Basin Fields for the following reasons:

- suitable Pannonian age high quality reservoirs able to safely store approx. 100 GWh of hydrogen (equivalent to the annual energy consumption of 25,000 households) have already been identified;
- the Vienna basin is a prolific renewable energy generation area. Wind turbines having a combined installed capacity of 575 MW are located within the 20-kilometre radius from the Vienna Basin oil and gas fields;
- ADX is able to deliver hydrogen to market through access to local and regional pipeline networks provided by gas pipeline infrastructure at the Vienna Basin oil and gas fields. Since June 2021, Austria allows injection of hydrogen up to 10% of pipeline capacity (up from 4% previously).



**Figure 4: Schematic showing the potential use of available renewable from wind parks which are proximal to the Vienna Basin Fields to generate and store hydrogen**

ADX is planning to implement the project in 2 phases as follows:

- a pilot phase with a 2.5 Mega Watt (MW) electrolyser capacity capable of producing circa 370 tonnes of renewable hydrogen from 2025; and
- a scaleup phase whereby the electrolyser capacity will be upgraded to 30 MW resulting in a renewable hydrogen production capacity of 5,200 tonnes per annum from 2028.

ADX is in discussions with renewable energy producers regarding the supply of baseload renewable electricity for the pilot phase (requirement estimated at 22 GWh per annum to achieve maximum electrolyser utilisation) and the local grid operator regarding necessary upgrades to deliver such electricity to the Vienna Basin Fields site.

In parallel, ADX is seeking to appoint a multi-discipline consultancy firm with project management experience in the hydrogen sector to provide design, engineering, planning and project management support for the project. Discussions with leading manufacturers of electrolysers have also been initiated.

ADX plans to sell renewable hydrogen to 5 different markets which will contribute to the decarbonisation of the Austrian economy:

- mobility (heavy vehicle) in collaboration with a network of fueling stations;
- industrial users that could use renewable hydrogen for power or heat generation (such as steel, cement or pulp and paper producers);
- industrial users requiring hydrogen for the production of specific products (chemicals, fertilisers, etc);
- supply to existing or dedication pipeline networks; and
- supply to power generation companies for use in gas turbines.

The mobility and industrial segments require pure green hydrogen and therefore are considered to be “premium” markets. Such markets are likely to attract higher prices. ADX will seek independent certification of its renewable hydrogen production to be in position to capture premium pricing for a portion of its output.

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ADX' renewable hydrogen production is anticipated to be able to displace diesel and reduce CO<sub>2</sub> emissions as follows:

|               | Renewable H <sub>2</sub> prod. | Diesel displacement <sup>1</sup> | CO <sub>2</sub> emissions reductions <sup>2</sup> |
|---------------|--------------------------------|----------------------------------|---------------------------------------------------|
| Pilot phase   | 370 tonnes p.a.                | 1.1 million litres p.a.          | 3,000 tonnes p.a.                                 |
| Scaleup phase | 5,200 tonnes p.a.              | 16.0 million litres p.a.         | 42,270 tonnes p.a.                                |

<sup>1</sup> based on 3.08 litres of diesel for 1 kg of H<sub>2</sub>

<sup>2</sup> based on 2.6391 kg of CO<sub>2</sub> for 1 litre of diesel

By combining production and storage of clean energy (renewable H<sub>2</sub>), the project will support both the decarbonisation of Austria's economy and the improvement of Austria's energy supply security.

### ***Vienna Basin Solar Project Feasibility Studies***

ADX owns approximately 13 hectares of land at the ADX Vienna Basin Fields including well sites and land plots where production facilities are located. This land position includes available plots representing an area of 1 hectare in aggregate which could be used to install ground-mounted solar power generation plants with a combined capacity of 2 Mega Watt peak (MWp) (Plants) based on an East - West orientation of the photovoltaic (PV) panels.



***Figure 5: Potential layout of the PV panels at the Gaiselberg site (approx. 1 MWp)***

It is anticipated that renewable electricity produced from the Plants (estimated at 2 GWh per annum) would be delivered and sold to the local power grid. The output from the Plants is expected to offset approx. 45% of the electricity consumed by ADX to run its low emissions oil and gas production operations at the ADX Fields (approx. 4.5 GWh per annum).

In Q4 2022, ADX is planning to commence pre-feasibility studies in relation to the Plants including confirming grid access and permitting matters critical to the project execution as well as costing and schedule of the project development (Studies). ADX is in discussions with an Austrian group having significant experience in developing solar power generation plants in Austria regarding a collaboration on the Studies.

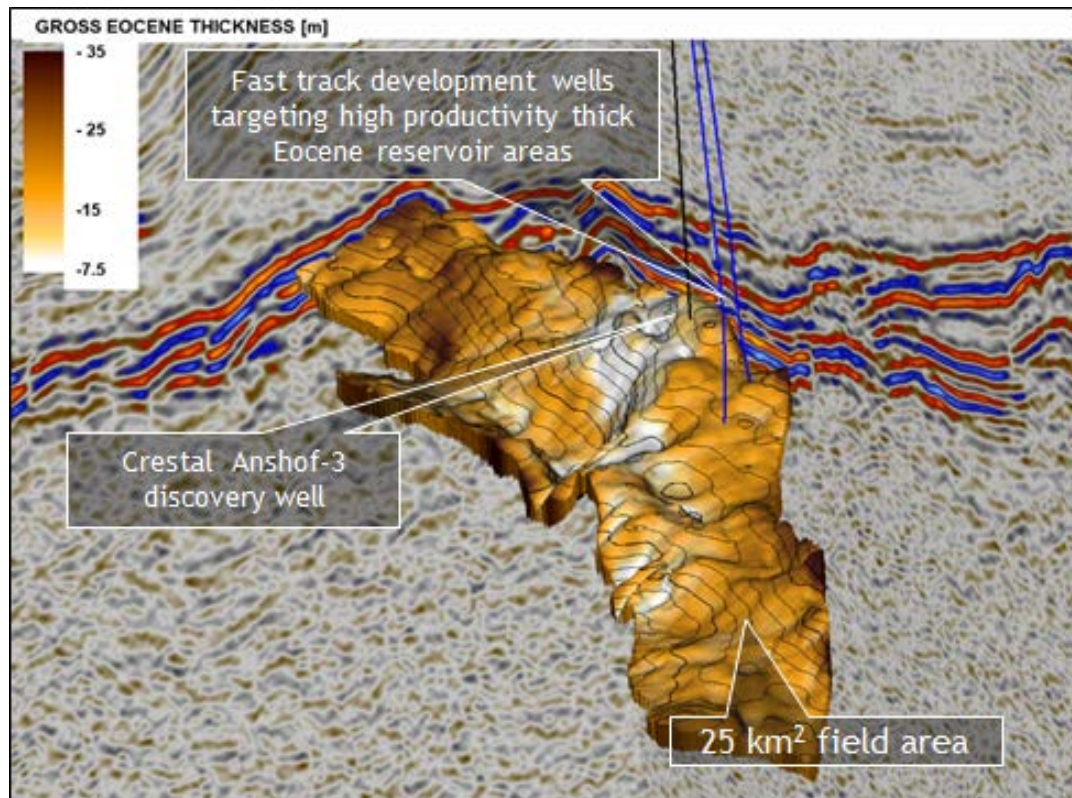
Successful development of the Plants would provide an additional source of stable revenue for ADX, allow ADX to benefit from strong wholesale electricity prices in Austria (EUR 228 per MWh on average in June 2022) and contribute to the decarbonisation of its operations. It would also be an additional step forward towards ADX' expansion in the renewable and clean energy sector and enhance its ESG profile.

**Anshof Oil Appraisal and Development Project, Molasse Basin - Onshore Austria**

ADX is operator and holds an 80% interest in the production licenses.

The year started successfully with the discovery of oil at the Anshof-3 exploration well in Upper Austria. The Anshof-3 well is located in the ADX-AT-II license in Upper Austria. The predrill best technical prospective resource for the Anshof prospect was estimated to be 6.6 Million Barrels of oil equivalent by a third party independent reviewer and competent person, RISC Advisory Pty Ltd ("RISC"). Refer to ASX announcement from 10<sup>th</sup> November 2021. A second independent review is being undertaken to assess Anshof reserves and value in accordance with the industry standard and ASX compliant PRMS system ("Petroleum Resource Management System").

Given the encouraging logging and well testing results are in line with pre-drill estimates, no major resource revision is anticipated. Being an exploration well, Anshof-3 was targeting the crest (highest location) of a large 3D seismic defined structure extending over a total mapped area of 25 km<sup>2</sup> where reservoir sands (shallow marine and transitional Eocene sandstones) are typically much thinner than on the flanks of a structure. At the Anshof-3 location a 6-metre gross Eocene oil reservoir was encountered. Future development wells will progressively target thicker reservoir sweet spot areas on the possibly very large structure as they appraise the field for the currently not encountered oil water contact. Anshof-3 did not intersect an oil water contact and the well test production was water free, hence a large upside potential area remains to be appraised and developed.



**Figure 6: Anshof Field map based on 3D model utilising 3D seismic and offset well data showing Anshof-3 together with planned Anshof-2 and Anshof-1 wells**

An oil flow to surface of 132 barrels per day of water free, light crude oil (32° API) was the maximum rate recorded during testing from one of three flow periods of the 6-metre gross Eocene oil zone. The Anshof-3 well was completed for production after testing. ADX expects first commercial oil from the Anshof-3 exploration well by mid October 2022. This fast turnaround from obtaining the licenses from the Austrian government in January 2021 to first oil in October 2022 is testimony to a highly efficient operations, permitting and government licensing in Austria as well as the ability to lease an early production system from RAG E&P with a favourable lease contract (refer to ASX announcement on 6 September 2022).

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In conjunction with the long-term production testing of the Anshof-3 well, ADX is planning the drilling of two further appraisal wells to target thicker high productivity Eocene reservoirs. The Anshof-3 well site provides two additional well slots for the Anshof-1 and Anshof-2 wells. Permitting for the wells is completed and long lead items have been ordered. It is anticipated that by the end of 2023 a total of three wells will produce oil and associated gas from the Anshof field. The anticipated maximum daily oil rate from the three well cluster is approximately 950 BOPD. It is expected that more wells will be required to further appraise and drain the entire 25 km<sup>2</sup> structure as currently mapped on 3D seismic.

### ***Upper Austria AGS Exploration Licenses, Molasse Basin – Onshore Austria***

*ADX is operator and holds a 100% interest in the licenses*

In May 2022, ADX successfully finalised agreements with the Austrian Mining Authority for the expansion of license area for exploration, production and gas storage up to a total area of 1,022 km<sup>2</sup>. The additional license areas are valid from 1 April 2022 for a period of up to 16 years without any relinquishment foreseen. In the case of a discovery, a production license with a validity of up to 60 years can be granted. In addition to exploration and production rights, ADX has also been granted the rights for gas storage.

The rationale for the extension was based on a positive ADX in-house technical and commercial review of the extension area evaluated on modern high-quality 3D seismic, the recent European gas price trends and the opportunity to further identify and mature renewable energy projects in addition those being progressed in the Vienna Basin.

The portfolio expansion includes the following projects which can be “drill ready” in a short timeframe:

- The giant *Welchau* gas prospect which has an 800 BCFE (approx. 134 MMBOE) best technical prospective resource <sup>Note 1</sup> proximal to the Molln-1 gas discovery well which tested pipeline quality gas down dip from the proposed drilling location. The Original Resources Reporting Date for Welchau prospective resources was on 16 May 2022, the estimates were further revised on 20 June 2022. The Welchau prospect is in the foothills of the Austrian Alps and is analogous to the giant anticline structures discovered in Kurdistan and the Italian Apennines. The prospect is relatively shallow with a drill depth of approximately 1120 m total vertical depth (TVD) and within tie-in distance to the national gas pipeline network;
- The *Gmunden* multi energy resource prospect includes shallow, quick to monetise gas targets together with a deeper geothermal target assessed to have between 15 to 20 MW renewable energy potential based on similar developments in the region. There are a number of gas targets identified on 3D seismic these targets are supported partly by 3D seismic based direct hydrocarbon indicators (DHI);
- The ZAM prospect is a follow-up to the large independently assessed OHO prospect with 20.4 MMBOE (approx. 140 BCFE gas equivalent) best technical prospective resources (refer to ASX release dated 10 November 2021 regarding Independent Review of OHO by RISC). Similar to OHO, high quality natural gas is expected at the ZAM prospect which has technical prospective resources estimated at 15 MMBOE <sup>Note 1</sup> (approx. 100 BCFE); and
- An oil field rejuvenation opportunity (“*Piberbach*”) and adjacent low risk follow-up satellite prospects.

The table of exploration and appraisal opportunities below, includes prospects in the new extension license areas. The portfolio is a very rich and well-balanced inventory ranging from very low risk appraisal opportunities to high impact gas exploration prospects such as Welchau. It should be noted that the Anshof prospect is no longer featured in the prospect inventory because it is now a development project associated with a future production license. Also, the Piberbach oilfield rejuvenation opportunity is not included in the exploration and appraisal table.

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**Table showing ADX Appraisal and Exploration Prospect Inventory in Upper Austria including the Welchau Prospect**

|                                              | Prospect Name       | Fluid     | Best Technical Recoverable (MMboe) |
|----------------------------------------------|---------------------|-----------|------------------------------------|
| <b>HIGH IMPACT EXPLORATION</b>               | WELCHAU (WEL)       | GAS       | 134.0                              |
|                                              | OBERHOLZ (OHO)      | GAS (OIL) | 20.4                               |
|                                              | ZELL AM MOOS (ZAM)  | GAS (OIL) | 14.6                               |
| <b>TREND EXPLORATION</b>                     | GRUENBURG (GRB)     | OIL       | 8.5                                |
|                                              | IRRS DORF (IRR)     | GAS       | 3                                  |
|                                              | TERNBERG (TERN)     | OIL       | 3.2                                |
|                                              | LICHTENBERG (LICHT) | GAS       | 2.7                                |
|                                              | WOLFSGRUB (WG)      | OIL       | 2.2                                |
|                                              | PERGERN (PERG)      | OIL       | 2.5                                |
|                                              | AUSSERROID (ARD)    | GAS       | 2.2                                |
|                                              | SIERNING (SIER)     | GAS       | 1.0                                |
|                                              | STEINGRUB (SGB)     | OIL       | 2.8                                |
| <b>DISCOVERIES &amp; APPRAISAL</b>           | LINDENBERG (LIND)   | OIL       | 0.8                                |
|                                              | BRUNN (BRUNN)       | GAS       | 0.8                                |
|                                              | KLEINRAMING (KLE)   | OIL       | 0.6                                |
|                                              | STEYR (STEY)        | GAS       | 0.5                                |
| <b>Total Exploration (MMboe)</b>             |                     |           | <b>157.4</b>                       |
| <b>Total Exploration + Appraisal (MMboe)</b> |                     |           | <b>199.4</b>                       |

The original resources reporting date for the Upper Austria Exploration Inventory shown above was on 30 November 2020, estimates were revised on 30 March 2021, 29 July 2021 and 21 April 2022. The above table includes the Welchau prospect as per the 20 June 2022 reporting date and excludes Anshof which is now classified as a discovery.

The above prospect rich inventory has been enabled due to ADX' access to a large state of the art 3D seismic dataset and the experience of the local Austrian ADX team who worked for a dominant company in Upper Austria before joining ADX. ADX believes the inventory will be an attractive investment opportunity for third parties seeking to participate in ADX portfolio through an ongoing farmout process. In addition to the oil and gas targets there are appealing geothermal opportunities in the portfolio which are also attracting investment interest.

*Welchau Giant Gas Prospect*

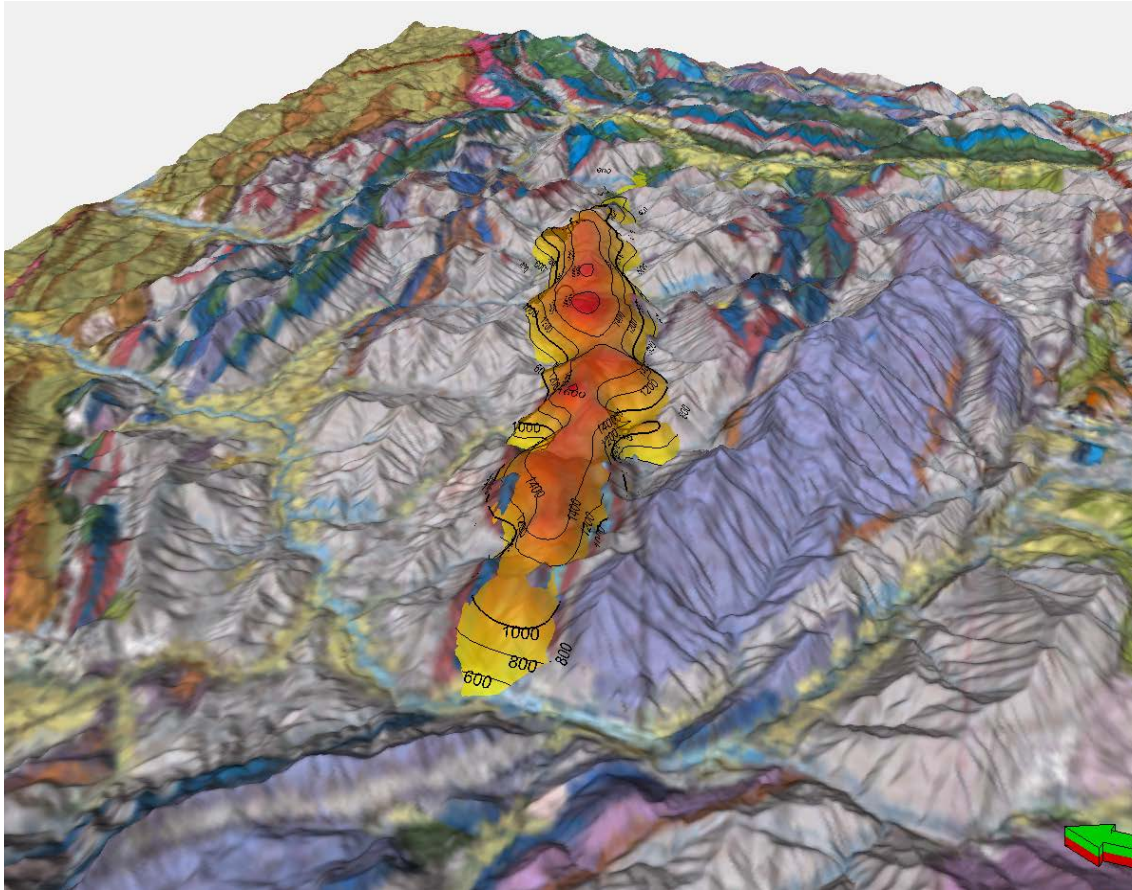
The Welchau gas prospect has an ADX estimated 800 BCFE (134 MMBOE) <sup>Note 1</sup> best technical prospective resources. It is potentially connected to a gas discovery at the MolIn-1 well which was drilled and extensively tested in the late 1980's. The MolIn-1 tested pipeline quality gas down dip from the Welchau proposed drilling location.

The gas prospect is located in the foothills of the Austrian Alps and is analogous to the large anticline structures discovered in Kurdistan and the Italian Apennines. Welchau is a relatively shallow prospect (approx. 1120 m TVD). There is excellent access to the planned drilling location via roads and a short tie-in distance to the national gas pipeline network.

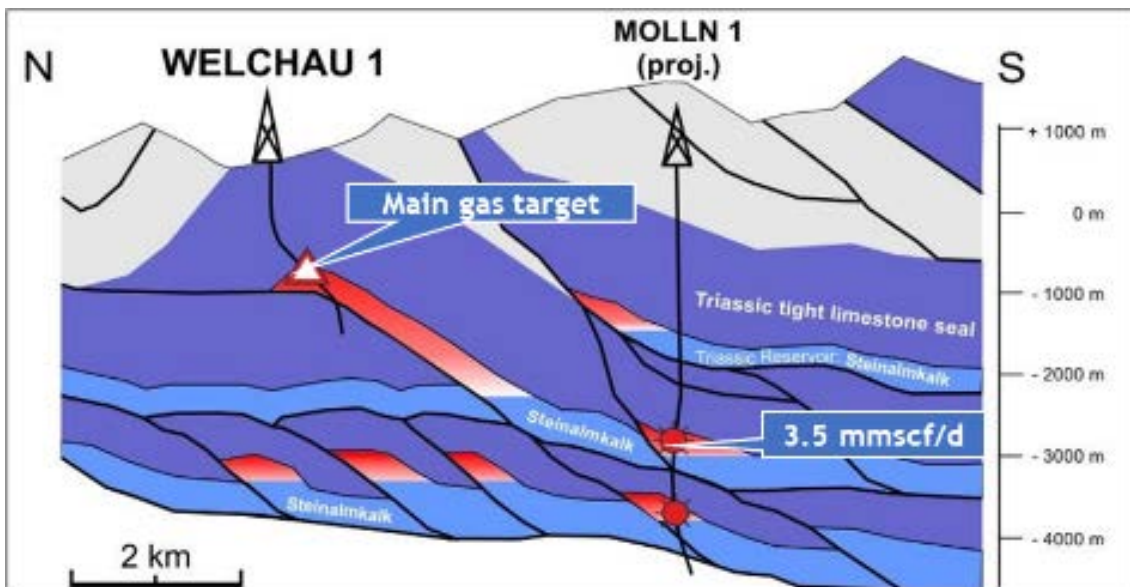
**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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The main target at Welchau is the Triassic Steinalm Fm., trapped in a trending ramp anticline with more than 20 km lateral extent and 100 km<sup>2</sup> maximum closure area. The structure is defined by outcrop mapping and a balanced 2D cross section along a profile parallel to the shortening direction.



**Figure 7: Surface expression of the Welchau anticline with 23 km lateral extension and 100 km<sup>2</sup> area**



**Figure 8: Schematic cross section of the Welchau Gas Prospect and the Molln -1 historic well**

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**Figure 9: Molln-1 well gas test in 1989**

ADX prospective resource estimates for the Welchau prospect are summarised below.

| <b>Welchau Gas Prospect</b>                        |             |                |                       |                |
|----------------------------------------------------|-------------|----------------|-----------------------|----------------|
| <b>Prospective Recoverable Resources Estimates</b> |             |                |                       |                |
|                                                    |             | <b>Minimum</b> | <b>Best Technical</b> | <b>Maximum</b> |
| Gas                                                | BCF         | 171            | 651                   | 1315           |
| Oil equivalent                                     | BOE         | 29             | 108                   | 219            |
| Condensate                                         | BBl         | 6.8            | 26                    | 52.6           |
| <b>Total Oil Equivalent</b>                        | <b>BOE</b>  | <b>35</b>      | <b>134</b>            | <b>272</b>     |
| <b>Total Gas Equivalent</b>                        | <b>BCFE</b> | <b>212</b>     | <b>807</b>            | <b>1631</b>    |

*Mcf per BBl conversion used* 6

The original Resources Reporting Date for Welchau prospective resources was on 16 May 2022, the estimates were further revised on 20 June 2022.

The Molln-1 well located down dip of Welchau was drilled and tested in 1989. The results from this nearby well have significantly reduced risk in the following areas;

- Gas quality and gas charge has been demonstrated by gas flows during testing that also confirmed a high condensate yield of 40 bbls/mmcft;
- Reservoir productivity of Triassic Steinalm Fm which tested at 3.5 mmcfpd; and
- The quality of the top seal to hold a large gas column.

*Welchau drilling planning and permitting*

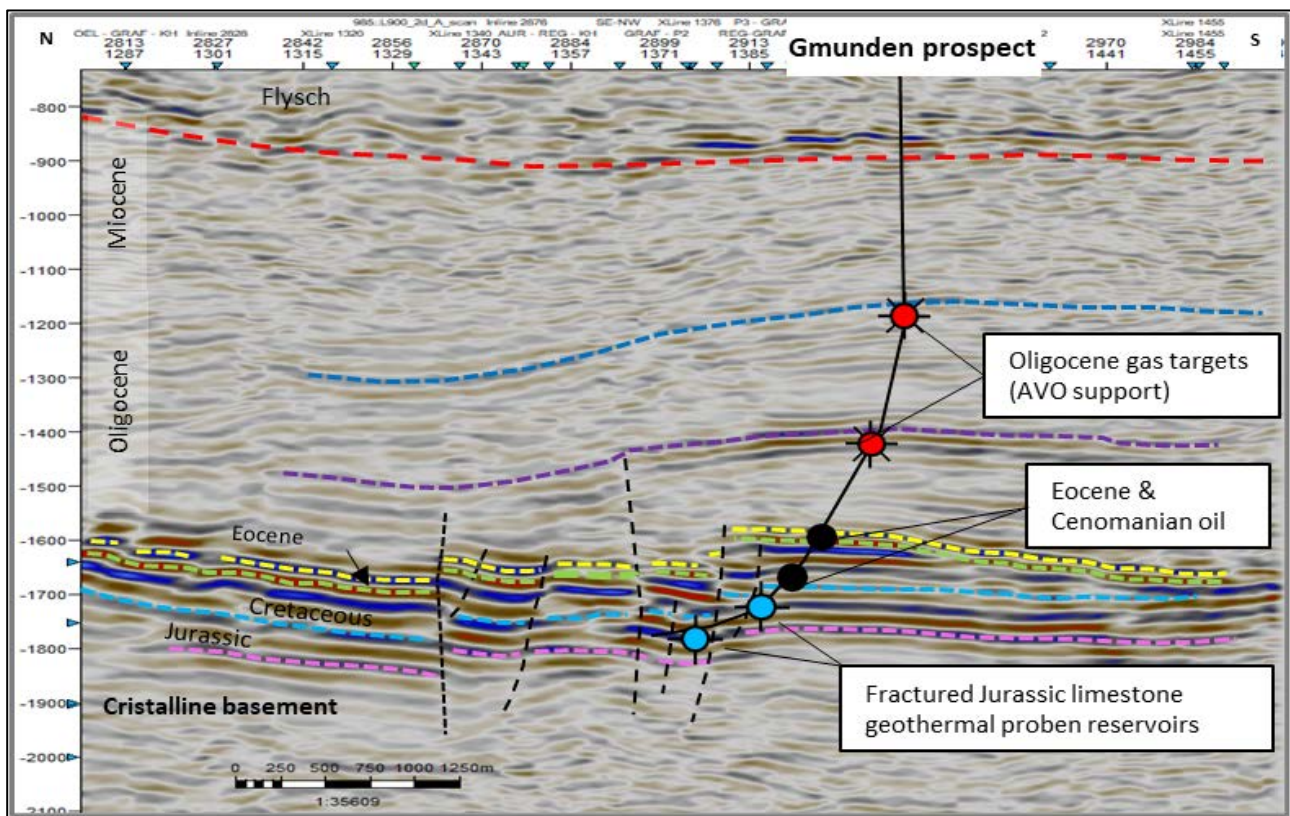
ADX has commenced the planning and permitting of the Welchau well. ADX has also purchased long lead items for the well with a view to drilling the Welchau well as soon as practically possible. The estimated well cost for drilling and evaluating the well is approximately EUR 3 million based on a 1120 m TVD. ADX expects to be in a position to advise the likely well timing of drilling of the well in the near future once the surface location has been permitted and a rig slot secured.

*Gmunden dual energy (geothermal and gas) project*

ADX has completed the subsurface work to evaluate both the geothermal and gas potential of the Gmunden project (GMU) which is located in the most eastern part of the ADX -AT-I license extension area. The work has been undertaken with a highly experienced subsurface and engineering consultancy team who has a successful track record of geothermal project implementation involving the same geology present at Gmunden just across the border in Germany where geothermal energy is delivered into Munich.

A future dual energy target well could be used to evaluate relatively shallower hydrocarbon reservoirs and then enter the highly fractured Jurassic (Malmian) limestone reservoir which is a proven geothermal reservoir. The often karstified Malmian reservoirs have high geothermal flow rates. Based on geothermal gradients observed in nearby wells a heat plant with a power output of approx. 15 MW to 20 MW is possible at Gmunden.

There are two relatively shallow gas and two slightly deeper oil targets mapped above the geothermal reservoirs. The gas targets are strongly supported and de-risked by 3D seismic in the form of DHI amplitude anomalies.



**Figure 10: Seismic cross section oil and gas targets together with the deeper geothermal potential in fractured Jurassic limestones**

# ADX ENERGY LTD

## DIRECTORS' REPORT

### ***Ilecea Mare Production License and Parta Exploration License - Onshore Western Romania***

ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its wholly owned subsidiary, ADX Energy Panonia srl, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Ilecea Mare Production license. ADX is the operator of the permit pursuant to a services agreement with Danube.

During the reporting period ADX focused on a detailed technical evaluation of the license potential, with a focus on the successfully reprocessed 3D seismic in the Ilecea Mare production license. The 3D seismic also covers the exploration prospect IMIC-2 (Updip Carpinis-55).

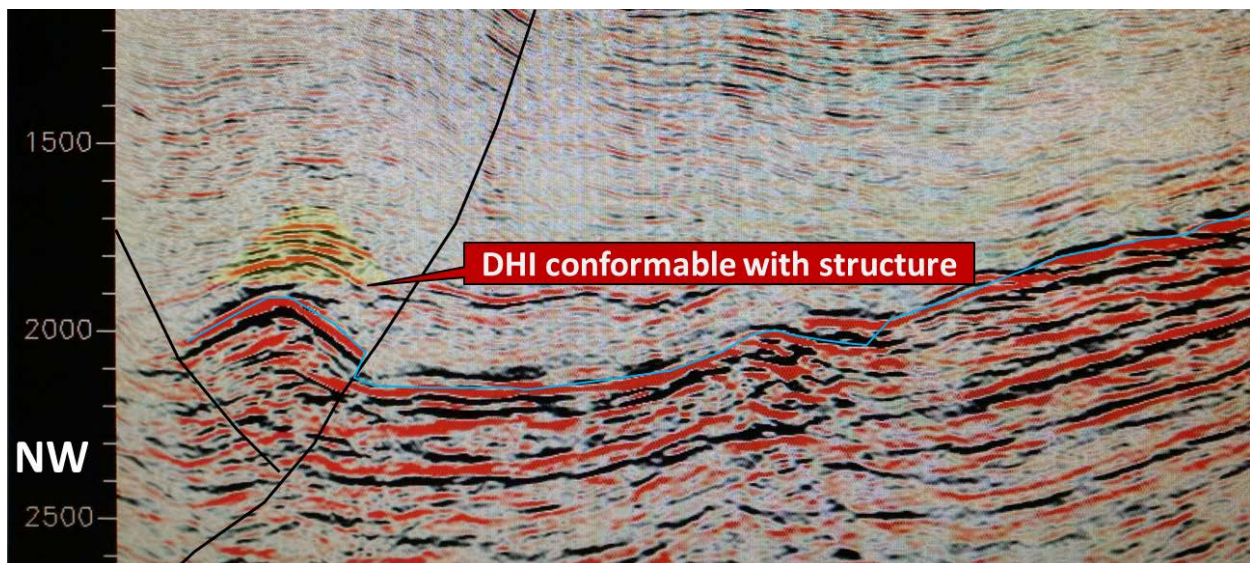
At the same time, ADX also engaged with several parties on a possible farmin deal for both the exploration area (Parta) and the production license (Ilecea Mare) for infill opportunities. The infill opportunities are low risk and target previously undrained compartments as identified on ADX reprocessed 3D seismic and analysis of production data.

### ***Nilde Oil Field Redevelopment d 363C.R-.AX Licence - Offshore Italy***

ADX is operator and holds 100% interest in the d 363C.R-.AX Exploration Permit

In February 2019, the Italian government suspended exploration activities in onshore and offshore licenses to determine suitability for sustainable hydrocarbon prospecting, exploration and development activities (refer ASX Announcement dated 4 February 2019). The Italian licensing authorities have however recently (May 2022) offered ADX the opportunity to ratify the d363C.R-.AX license under a number of conditions including that only the gas potential within the license is commercially exploited. Technical work undertaken by ADX has highlighted the excellent shallow gas prospectivity of the shallow water license.

The total best technical prospective resource potential of five high graded prospects is 369 BCF (refer ASX announcement 30 August 2022). The five high graded prospects are considered as relatively low risk since they are simple 4-way dip anticline closures featuring a seismic amplitude response commonly known as DHI's. An example is shown below in Figure 11.



**Figure 11: 2D Seismic section through an anticline ("Prospect 1") with bright seismic events (yellow highlights) over the closure area, indicating gas charged reservoir sandstones**

# ADX ENERGY LTD

## DIRECTORS' REPORT

The table below summarises the above-mentioned prospects which are defined by existing 2D seismic. The prospects are analogous to the Lippone field which has encountered gas within the Miocene aged "Terravecchia" sandstone reservoirs approximately 50 km NE of the ADX license in onshore Sicily.

**Table showing Resource Potential of Top Ranked Gas Prospects within the d363C.R.-AX License** <sup>Note 1</sup>

| <b>d363C.R.-AX License Gas Prospects</b>                 |                       |
|----------------------------------------------------------|-----------------------|
| <b>Prospective Recoverable Resources Estimates (BCF)</b> |                       |
|                                                          | <b>Best Technical</b> |
| Prospect 1 (DHI supported)                               | 62                    |
| Prospect 2 (DHI supported)                               | 70                    |
| Prospect 3 (DHI supported)                               | 106                   |
| Prospect 4 (DHI supported)                               | 42                    |
| Prospect 5 (DHI supported)                               | 90                    |
| <b>Total Prospects</b>                                   | <b>369</b>            |

The original Resources Reporting Date for the above prospective resources was on 30 August 2022

The combination of relatively shallow drill depths (700 to 1300 metres to the main gas targets), stacked reservoir potential with proven high productivity and the existence of DHI supported prospects (which reduces exploration risk) has incentivised ADX to pursue the license ratification process with the Italian Authorities with a view to further expanding ADX' European gas prospect portfolio.

Based on initial discussions with the Italian authorities, ADX will submit, by 10th October 2022, a work program committing to seismic reprocessing and the option to acquire 2D seismic and 3D seismic data. Since none of the gas prospects and other identified leads have been covered with 3D seismic to date, ADX expects that more prospects may be identified, including large stratigraphic traps as indicated by the existing 2D seismic. It is expected that 3D seismic would further substantially reduce exploration risk and attract further investment through farmouts. At the end of 4 years after license ratification ADX could elect to drill a well or drop the license.

### *License ratification conditions*

A further license condition requested by the authorities prior to license ratification is that ADX commits to only drill in areas within specific parts of the license. This is a result of a 3-year process which led the Italian parliament to ratify a law outlining in detail the areas which are still available for conventional oil and gas activities based on an assessment of environmental, social and economic suitability.

**Note 1:** 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 explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

The prospective resource estimates are classified and reported in accordance with the PRMS – SPE Guidelines for the exploration licenses ADX-AT-I and ADX-AT-II, in the Molasse Basin, Austria. 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 ENERGY LTD

## DIRECTORS' REPORT

### TENEMENTS LIST

Tenements held at the beginning and the end of the half year reporting period as per below table:

| Permit                                                            | Percentage held as at<br>1 January 2022 | Percentage held as at<br>30 June 2022 | Percentage<br>change |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------------------|----------------------|
| Onshore Austria, Zistersdorf and Gaiselberg<br>Production License | 100%                                    | 100%                                  | -                    |
| Upper Austria AGS Licences <sup>1</sup>                           | 100%                                    | 100%                                  | -                    |
| Onshore Romania, Parta <sup>2</sup>                               | 100%                                    | 100%                                  | -                    |
| Onshore Romania, Iecea Mare Production Licence <sup>2</sup>       | 100%                                    | 100%                                  | -                    |
| Offshore Italy, d363C.R.-AX <sup>3</sup>                          | 100%                                    | 100%                                  | -                    |

**Note 1:** Concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS). ADX announced a farmout to ASX listed Xstate Resources Limited (Xstate) to earn a 20% participating interest in the Anshof Prospect Area. As at the end of the quarter, Xstate have earned 20%. Xstate may elect to fund 40% of a second well on the Anshof Prospect or the Anshof Farmin Area to earn a 20% interest in the Anshof Farmin Area within the ADX-AT-II exploration license. ADX retains a 100% interest in the remainder of the ADX-AT-II exploration license and the entire ADX-AT-I exploration license. Refer to ASX release dated 22 November 2021.

**Note 2:** ADX holds a 49.2% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via ADX Energy Panonia holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iecea Mare Production license. ADX is the operator of the permit pursuant to a Services Agreement with Danube.

**Note 3:** ADX has commenced a process with the Italian Designated Authority to convert the exclusively awarded application to a ratified licence. This process was commenced after the award by the Ministry of Industry.

### SUBSEQUENT EVENTS

#### Placement Raising A\$ 2.55 million

On 10 August 2022, ADX advised it had successfully raised \$ 2.55 million from a placement of 425,000,000 shares at a price of \$ 0.006 per share to sophisticated, institutional and professional investors (the Placement). One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.013 with an expiry date of 10 August 2024.

Funds raised by the Placement will be used to accelerate drilling programs in Upper Austria including the purchase of drilling long lead items and securing services required for the giant Welchau prospect gas exploration well and the Anshof-2 development well. In addition to drilling related investment ADX will be undertaking the commissioning of an early production facility to commence commercial production from the Anshof-3 discovery well expected in October 2022.

#### Equity Issues in Lieu of Remuneration

Subsequent to the half-year end, on 25 August 2022, ADX issued the following shares and options. These amounts were accrued in the 30 June 2022 financial statements:

- a. 4,741,208 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 27 May 2022. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2022 (\$37,929).
- b. 7,029,146 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2022 (\$54,779).

**ADX ENERGY LTD**  
**DIRECTORS' REPORT**

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- c. 4,992,187 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 27 May 2022. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the quarter ended 30 June 2022 (value \$39,938). The options have a nil exercise price and expire on 31 July 2026.

*Anshof discovery (ADX-AT-II licence in Upper Austria)*

In September 2022, ADX advised that its' 100% owned subsidiary, ADX VIE GmbH ("ADX VIE") had finalised commercial arrangements which enable the long-term oil production testing for the Anshof-3 discovery well located within the ADX-AT-II licence in Upper Austria. First commercial test production from the well is expected in mid October 2022. ADX holds an 80% operated interest in the Anshof discovery with the balance (20%) being held by its partner Xstate Resources Limited.

The commercial arrangements include an agreement for the lease of an Early Production System ("EPS") and an Oil Production, Transportation and Sales Agreement ("OSA") with RAG Exploration and Production GmbH ("RAG E&P"). The EPS will provide oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location which will allow oil to be efficiently produced from the well with minimal operator intervention. The EPS will be mobilised to the Anshof-3 location in the coming weeks and the term of the lease is approximately 12 months.

The OSA provides the commercial framework for the processing, transportation, delivery and sale of Anshof crude to RAG E&P, which will be onsold in conjunction with its own crude to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. The processing, storage and transportation charge for Anshof crude will be approximately US\$ 11 per barrel. Oil production will be delivered from the EPS to a nearby RAG E&P oil terminal for processing and transportation by rail to the OMV refinery near Vienna.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required by section 307C of *the Corporations Act 2001* is set out on page 22.

This report is made in accordance with a resolution of the directors.



Ian Tchacos  
Executive Chairman  
PERTH, 13 September 2022

**ADX ENERGY LTD**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the Directors of ADX Energy Ltd, I state that:

1. In the opinion of the directors:

a) The financial statements and notes are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and

ii) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.



Ian Tchacos  
Executive Chairman

PERTH, 13 September 2022

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the review of ADX Energy Ltd for the half-year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ADX Energy Ltd and the entities it controlled during the year.

**Rothsay Audit & Assurance Pty Ltd**



Donovan Odendaal  
Director

13 September 2022

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2022**

|                                                                                                    | Note | Half-year<br>ended<br>30 June 2022<br>\$ | Half-year<br>ended<br>30 June 2021<br>\$ |
|----------------------------------------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| Operating revenue                                                                                  | 3    | 6,658,608                                | 4,493,776                                |
| Cost of sales                                                                                      | 3    | (4,130,113)                              | (3,930,271)                              |
| <b>Gross profit</b>                                                                                |      | <b>2,528,495</b>                         | <b>563,505</b>                           |
| Other income                                                                                       |      | 525                                      | 11,206                                   |
| <b>Other Expenses:</b>                                                                             |      |                                          |                                          |
| Administration, staff and corporate expenses,<br>net of recoveries from exploration projects       | 3    | (2,143,402)                              | (1,434,703)                              |
| Exploration expensed                                                                               |      | (1,097,331)                              | (1,170,024)                              |
| Finance costs                                                                                      | 3    | (125,745)                                | (141,030)                                |
| Loss on disposal of plant and equipment                                                            |      | (1,211)                                  | -                                        |
| Total expenses                                                                                     |      | (3,367,689)                              | (2,745,757)                              |
| <b>Loss before income tax</b>                                                                      |      | <b>(838,669)</b>                         | <b>(2,171,046)</b>                       |
| Income tax benefit/(expense)                                                                       | 5    | (155,264)                                | 202,434                                  |
| <b>Net loss for the half-year</b>                                                                  |      | <b>(993,933)</b>                         | <b>(1,968,612)</b>                       |
| Loss is attributable to:                                                                           |      |                                          |                                          |
| Owners of ADX Energy Ltd                                                                           |      | (940,466)                                | (1,881,877)                              |
| Non-Controlling Interest                                                                           | 12   | (53,467)                                 | (86,735)                                 |
|                                                                                                    |      | <b>(993,933)</b>                         | <b>(1,968,612)</b>                       |
| <b>Other Comprehensive Income/(Loss)</b>                                                           |      |                                          |                                          |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                              |      |                                          |                                          |
| Exchange differences on translation of foreign operations                                          |      | (207,444)                                | (311,751)                                |
| Hedge accounting                                                                                   | 11   | 107,389                                  | 168,374                                  |
| Income tax relating to items of other comprehensive<br>income/(loss)                               | 11   | -                                        | (83,246)                                 |
| <b>Other comprehensive income/(loss) for the period, net of tax</b>                                |      | <b>(100,055)</b>                         | <b>(226,623)</b>                         |
| <b>Total comprehensive income/(loss) for the period</b>                                            |      | <b>(1,093,988)</b>                       | <b>(2,195,235)</b>                       |
| Total comprehensive loss is attributable to:                                                       |      |                                          |                                          |
| Owners of ADX Energy Ltd                                                                           |      | (933,206)                                | (1,990,074)                              |
| Non-Controlling Interest                                                                           |      | (160,782)                                | (205,161)                                |
|                                                                                                    |      | <b>(1,093,988)</b>                       | <b>(2,195,235)</b>                       |
| <b>Earnings per share for loss attributable to the ordinary<br/>equity holders of the Company:</b> |      | <b>Cents Per Share</b>                   | <b>Cents Per Share</b>                   |
| Basic loss per share                                                                               |      | (0.03)                                   | (0.08)                                   |

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

|                                                               | Note | As at<br>30 June<br>2022<br>\$ | As at<br>31 December<br>2021<br>\$ |
|---------------------------------------------------------------|------|--------------------------------|------------------------------------|
| <b>ASSETS</b>                                                 |      |                                |                                    |
| <b>Current Assets</b>                                         |      |                                |                                    |
| Cash and cash equivalents                                     |      | 2,559,677                      | 5,938,517                          |
| Other receivables                                             |      | 1,399,950                      | 2,820,819                          |
| Inventories                                                   |      | 1,007,766                      | 1,086,842                          |
| <b>Total Current Assets</b>                                   |      | <b>4,967,393</b>               | <b>9,846,178</b>                   |
| <b>Non-Current Assets</b>                                     |      |                                |                                    |
| Other receivables                                             |      | 1,035,682                      | 830,976                            |
| Oil and gas properties                                        | 7    | 23,658,475                     | 23,866,044                         |
| Right of use assets                                           |      | 289,511                        | 356,545                            |
| Deferred tax assets                                           | 5    | 1,073,499                      | 1,237,277                          |
| <b>Total Non-Current Assets</b>                               |      | <b>26,057,167</b>              | <b>26,290,842</b>                  |
| <b>Total Assets</b>                                           |      | <b>31,024,560</b>              | <b>36,137,020</b>                  |
| <b>LIABILITIES</b>                                            |      |                                |                                    |
| <b>Current Liabilities</b>                                    |      |                                |                                    |
| Trade and other payables                                      |      | 1,315,253                      | 4,885,542                          |
| Borrowings                                                    | 8    | 2,759,160                      | 3,212,532                          |
| Lease liabilities – right of use assets                       |      | 126,197                        | 129,700                            |
| Income Tax                                                    | 5    | 39,842                         | -                                  |
| Provisions                                                    | 9    | 370,581                        | 312,203                            |
| <b>Total Current Liabilities</b>                              |      | <b>4,611,033</b>               | <b>8,539,977</b>                   |
| <b>Non-Current Liabilities</b>                                |      |                                |                                    |
| Borrowings                                                    | 8    | 857,490                        | 1,175,064                          |
| Lease liabilities – right of use assets                       |      | 208,815                        | 273,607                            |
| Provisions                                                    | 9    | 14,507,449                     | 14,463,215                         |
| <b>Total Non-Current Liabilities</b>                          |      | <b>15,573,754</b>              | <b>15,911,886</b>                  |
| <b>Total Liabilities</b>                                      |      | <b>20,184,787</b>              | <b>24,451,863</b>                  |
| <b>Net Assets</b>                                             |      | <b>10,839,773</b>              | <b>11,685,157</b>                  |
| <b>EQUITY</b>                                                 |      |                                |                                    |
| Issued capital                                                | 10   | 81,581,273                     | 81,435,632                         |
| Reserves                                                      | 11   | 3,785,945                      | 3,675,722                          |
| Accumulated losses                                            |      | (82,845,341)                   | (81,904,875)                       |
| Capital and reserves attributable to owners of ADX Energy Ltd |      | 2,521,877                      | 3,206,479                          |
| Non-controlling interests                                     | 12   | 8,317,896                      | 8,478,678                          |
| <b>Total Equity</b>                                           |      | <b>10,839,773</b>              | <b>11,685,157</b>                  |

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2022**

|                                                              | Issued<br>Capital | Reserves         | Accumulated<br>Losses | Non-<br>controlling<br>Interests | Total<br>Equity   |
|--------------------------------------------------------------|-------------------|------------------|-----------------------|----------------------------------|-------------------|
|                                                              | \$                | \$               | \$                    | \$                               | \$                |
| <b>At 1 January 2021</b>                                     | <b>74,334,593</b> | <b>6,419,852</b> | <b>(80,898,819)</b>   | <b>8,837,270</b>                 | <b>8,692,896</b>  |
| Loss for the half-year                                       | -                 | -                | (1,881,877)           | (86,735)                         | (1,968,612)       |
| Other comprehensive income/(loss)                            | -                 | (108,197)        | -                     | (118,426)                        | (226,623)         |
| <b>Total comprehensive loss for the period, net of tax</b>   | -                 | (108,197)        | (1,881,877)           | (205,161)                        | (2,195,235)       |
| Transfer of reserves to accumulated losses                   | -                 | (3,165,542)      | 3,165,542             | -                                | -                 |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                  |                       |                                  |                   |
| Issue of share capital                                       | 4,440,854         | -                | -                     | -                                | 4,440,854         |
| Issue of share capital - Share based payments                | 105,449           | 107,016          | -                     | -                                | 212,465           |
| Share issue costs                                            | (193,585)         | -                | -                     | -                                | (193,585)         |
|                                                              | 4,352,718         | 107,016          | -                     | -                                | 4,459,734         |
| <b>At 30 June 2021</b>                                       | <b>78,687,311</b> | <b>3,253,129</b> | <b>(79,615,154)</b>   | <b>8,632,109</b>                 | <b>10,957,395</b> |

|                                                              |                   |                  |                     |                  |                   |
|--------------------------------------------------------------|-------------------|------------------|---------------------|------------------|-------------------|
| <b>At 1 January 2022</b>                                     | <b>81,435,632</b> | <b>3,675,722</b> | <b>(81,904,875)</b> | <b>8,478,678</b> | <b>11,685,157</b> |
| Loss for the half-year                                       | -                 | -                | (940,466)           | (53,467)         | (993,993)         |
| Other comprehensive income/(loss)                            | -                 | 7,260            | -                   | (107,315)        | (100,055)         |
| <b>Total comprehensive loss for the period, net of tax</b>   | -                 | 7,260            | (940,466)           | (160,782)        | (1,093,988)       |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                  |                     |                  |                   |
| Issue of share capital                                       | -                 | -                | -                   | -                | -                 |
| Issue of share capital - Share based payments                | 162,820           | -                | -                   | -                | 162,820           |
| Share based payments – options                               | -                 | 102,963          | -                   | -                | 102,963           |
| Share issue costs                                            | (17,179)          | -                | -                   | -                | (17,179)          |
|                                                              | 145,641           | 102,963          | -                   | -                | 248,604           |
| <b>At 30 June 2022</b>                                       | <b>81,581,273</b> | <b>3,785,945</b> | <b>(82,845,341)</b> | <b>8,317,896</b> | <b>10,839,773</b> |

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

**ADX ENERGY LTD**  
**CONSOLIDATED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2022**

| <b>CONSOLIDATED</b>                                                     | <b>Half-year<br/>ended<br/>30 June 2022<br/>\$</b> | <b>Half-year<br/>ended<br/>30 June 2021<br/>\$</b> |
|-------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| <b>Cash Flows from Operating Activities</b>                             |                                                    |                                                    |
| Receipts in the ordinary course of activities                           | 7,454,057                                          | 4,777,988                                          |
| Payments to suppliers and employees, including for exploration expensed | (5,623,203)                                        | (5,452,259)                                        |
| Interest received                                                       | 454                                                | 249                                                |
| Interest paid                                                           | (91,898)                                           | (107,920)                                          |
| Hedging payments                                                        | (671,290)                                          | (708,058)                                          |
| Other (mostly government subsidies)                                     | 1,225,826                                          | 162,464                                            |
| <b>Net Operating Cash Flows</b>                                         | <b>2,293,946</b>                                   | <b>(1,327,536)</b>                                 |
| <b>Cash Flows from Investing Activities</b>                             |                                                    |                                                    |
| Payments for oil and gas properties – Austrian facilities               | (5,261,167)                                        | (485,654)                                          |
| Payments for oil and gas properties - appraisal/development             | (32,591)                                           | (30,185)                                           |
| Payments received from joint operation partners                         | 594,113                                            | -                                                  |
| <b>Net Investing Cash Flows</b>                                         | <b>(4,699,645)</b>                                 | <b>(515,839)</b>                                   |
| <b>Cash Flows from Financing Activities</b>                             |                                                    |                                                    |
| Proceeds from issue of shares                                           | -                                                  | 4,440,854                                          |
| Payment of share issue costs                                            | (17,179)                                           | (193,585)                                          |
| Loan note repayments                                                    | (437,500)                                          | (437,500)                                          |
| Bank Loans repaid                                                       | (333,446)                                          | -                                                  |
| Bank Loans                                                              | -                                                  | 462,036                                            |
| Cash secured for Upper Austria AGS Licences                             | (227,154)                                          | (540,725)                                          |
| Other                                                                   | 328                                                | -                                                  |
| <b>Net Financing Cash Flows</b>                                         | <b>(1,014,951)</b>                                 | <b>3,731,080</b>                                   |
| <b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>             | <b>(3,420,650)</b>                                 | <b>1,887,705</b>                                   |
| Cash and Cash Equivalents at beginning of half-year                     | 5,938,517                                          | 2,144,469                                          |
| Effect of foreign exchange rates                                        | 41,810                                             | 124,225                                            |
| <b>Cash and Cash Equivalents at End of Half-Year</b>                    | <b>2,559,677</b>                                   | <b>4,156,399</b>                                   |

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

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### 1. Basis of Preparation of Half-Year Financial Statements

ADX Energy Ltd is a company limited by shares, domiciled and incorporated in Australia. Its shares are publicly traded on the Australian Stock Exchange.

This consolidated financial report for the half-year ended 30 June 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report for the year ended 31 December 2021 and any public announcements made by ADX Energy Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

ADX Energy Ltd is a for-profit entity for the purpose of preparing the half-year financial statements.

The half year consolidated financial statements comprise the financial statements of ADX Energy Ltd and its subsidiaries ("Group") as at 30 June 2022.

#### ***Functional and presentation currency***

ADX Energy Ltd has identified Australian dollars as its functional currency on the basis that all fundraising is in Australian dollars, and loans to subsidiary companies are made from Australian dollars.

ADX's subsidiaries have the following functional currencies:

- AuDAX Energy Srl - EUR
- Bull Petroleum Pty Ltd - AUD
- Danube Petroleum Limited - GBP
- ADX Energy Panonia Srl - EUR
- Terra Energy Limited - GBP
- ADX VIE GmbH - EUR
- Kathari Energia Limited - GBP
- Kathari Energia GmbH - EUR

The presentation currency of the Group is Australian dollars (AUD).

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

### 1. Basis of Preparation of Half-Year Financial Statements - continued

#### Going Concern

The financial statements have been prepared on the basis that the Company will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

As a producer in Austria, the Group expects to generate cash flows, however with a focus on exploration and development in other parts of Europe, the Group may need additional cashflows to finance these activities. As a consequence, the ability of the Company to continue as a going concern may require additional capital fundraising, farmouts of projects or other financing opportunities. The Directors believe that the Company will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. However, should fundraising, farmouts or any alternative financing opportunities be unsuccessful, the Company may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

#### Adoption of New or Revised Standards

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. All new and amended Accounting Standards and Interpretations effective from 1 January 2022 have been adopted. None of these amended standards had a material impact on the ADX Group. The Group has not elected to early adopt any new standards or amendments.

### 2. Earnings Per Share

The Company's potential ordinary shares, being its options granted, have been excluded in the determination of diluted earnings per share as they are considered to be anti-dilutive for the periods presented.

|                                                    | Consolidated                |                             |
|----------------------------------------------------|-----------------------------|-----------------------------|
|                                                    | 6 Months to<br>30 June 2022 | 6 Months to<br>30 June 2021 |
|                                                    | \$                          | \$                          |
| <b>3. Income and Expenses</b>                      |                             |                             |
| <b>OPERATING REVENUE</b>                           |                             |                             |
| Oil sales                                          | 5,148,948                   | 3,955,098                   |
| Gas sales                                          | 1,681,763                   | 234,972                     |
| Hedging gains / (losses), net                      | (630,812)                   | (793,179)                   |
| Other operating revenue (including reimbursements) | 457,025                     | 192,614                     |
| Government subsidies                               | 1,684                       | 904,271                     |
|                                                    | <b>6,658,608</b>            | <b>4,493,776</b>            |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                                                         |           | Consolidated |              |
|-------------------------------------------------------------------------|-----------|--------------|--------------|
|                                                                         |           | 6 Months to  | 6 Months to  |
|                                                                         |           | 30 June 2022 | 30 June 2021 |
|                                                                         | Note      | \$           | \$           |
| 3. Income and Expenses - continued                                      |           |              |              |
| COST OF GOODS SOLD                                                      |           |              |              |
| Operating costs                                                         |           | 2,950,002    | 2,511,344    |
| Depreciation                                                            |           | 1,080,335    | 1,317,092    |
| Amortisation of asset retirement obligation assets                      |           | 99,776       | 101,835      |
|                                                                         |           | 4,130,113    | 3,930,271    |
| OTHER EXPENSES – Administration and corporate expenses:                 |           |              |              |
| Share based payments – in lieu of cash remuneration                     | 4         | 200,320      | 203,627      |
| Share based payments – in lieu of other services                        | 4         | 42,000       | 8,839        |
| Share based payments – performance rights for employees                 | 4         | 23,463       | -            |
|                                                                         |           | 265,783      | 212,466      |
| Less: prior period accrued share based payments                         |           | (90,538)     | (111,681)    |
| Add: accrued share based payments issued/ to be issued after period end |           | 132,646      | 84,022       |
| Other administration, staff and corporate expenses                      |           | 2,265,260    | 2,005,680    |
| Net foreign exchange losses/(gains)                                     |           | 166,434      | (26,174)     |
|                                                                         |           | 2,739,585    | 2,164,313    |
| Less: project cost recoveries                                           |           | (596,183)    | (729,610)    |
|                                                                         |           | 2,143,402    | 1,434,703    |
| FINANCE COSTS                                                           |           |              |              |
| Interest expense                                                        |           | 91,179       | 106,267      |
| Accretion                                                               |           | 34,566       | 34,763       |
|                                                                         |           | 125,745      | 141,030      |
| 4. Share Based Payments                                                 |           |              |              |
| (a) Value of share based payments in the financial statements           |           |              |              |
| Expensed in the profit and loss:                                        |           |              |              |
| Share-based payments – Employee Performance Rights                      | 4(b)(v)   | 23,463       | -            |
| Shares and Options issued in lieu of fees:                              |           |              |              |
| Shares Issued to Directors in lieu of fees                              | 4(b)(i)   | 36,648       | 43,961       |
| Options to Directors in lieu of fees                                    | 4(b)(ii)  | 79,500       | 107,016      |
| Shares Issued to Co Secs and Consultants in lieu of fees                | 4(b)(iii) | 84,172       | 52,650       |
| Shares issued to advisor in lieu of cash                                | 4(b)(iv)  | 42,000       | 8,839        |
|                                                                         |           | 265,783      | 212,466      |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

### 4. Share Based Payments - continued

#### (b) Summary of share-based payments granted during the half-year:

- (i) Shares pursuant to ADXs' Directors' Share Plan, approved by Shareholders at ADX's AGM as follows:

| Date Issued                          | Number of Shares | Value based on 90 Day VWAP \$ | In lieu of part remuneration for the quarter ended |
|--------------------------------------|------------------|-------------------------------|----------------------------------------------------|
| 08/02/2022                           | 902,728          | 9,930                         | 31/12/2021                                         |
| 31/05/2022                           | 154,253          | 1,234                         | 31/12/2021                                         |
| 31/05/2022                           | 3,185,543        | 25,484                        | 31/3/2022                                          |
|                                      | 4,242,524        | 36,648                        |                                                    |
| <b>Issued Subsequent to Year End</b> |                  |                               |                                                    |
| 25/08/2022                           | 4,741,208        | 37,930                        | 30/06/2022                                         |

- (ii) Options pursuant to ADXs' Performance Rights and Option Plan, approved by Shareholders at ADX's AGM as follows:

| Date Issued                          | Number of Options | Value based on 90 Day VWAP \$ | In lieu of part remuneration for the quarter ended |
|--------------------------------------|-------------------|-------------------------------|----------------------------------------------------|
| 08/02/2022                           | 2,801,479         | 30,816                        | 31/12/2021                                         |
| 31/05/2022                           | 747,575           | 5,981                         | 31/12/2021                                         |
| 31/05/2022                           | 5,337,890         | 42,703                        | 31/3/2022                                          |
|                                      | 8,886,944         | 79,500                        |                                                    |
| <b>Issued Subsequent to Year End</b> |                   |                               |                                                    |
| 25/08/2022                           | 4,992,187         | 39,937                        | 30/06/2022                                         |

- (iii) Shares to consultants and company secretaries in lieu of remuneration:

| Date Issued                          | Number of Shares | Value \$ | In lieu of part remuneration for the quarter ended |
|--------------------------------------|------------------|----------|----------------------------------------------------|
| 08/02/2022                           | 4,063,751        | 42,577   | 31/12/2021                                         |
| 31/05/2022                           | 5,257,511        | 41,596   | 31/3/2022                                          |
|                                      | 9,321,262        | 84,173   |                                                    |
| <b>Issued Subsequent to Year End</b> |                  |          |                                                    |
| 25/08/2022                           | 7,029,146        | 54,779   | 30/06/2022                                         |

- (iv) During the year, ADX issued 5,250,000 shares (\$42,000) in consideration for investor relation services.
- (v) In the prior year, on 10 September 2021, ADX granted 46,086,012 performance rights to employees in Vienna, Austria. On 1 April 2022, 43,258,177 rights vested into fully paid shares and 2,827,835 rights lapsed. These rights were valued at \$ 322,602 (based on the share price of \$ 0.007 at the date of grating the rights). An adjustment of \$ 23,463 was recorded during the year to reflect the price at the date the shares were issued.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                                                                                                                                                                     | Consolidated                         |                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                                                                                                                                     | 6 Months to<br>30 June<br>2022<br>\$ | 6 Months to<br>30 June<br>2021<br>\$ |
| <b>5. Income Tax Expense</b>                                                                                                                                                        |                                      |                                      |
| <b>(a) Income Tax Expense</b>                                                                                                                                                       |                                      |                                      |
| The reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Company's applicable income tax rate is as follows:          |                                      |                                      |
| Profit/(loss) for the period                                                                                                                                                        | (838,669)                            | (2,171,046)                          |
| Prima facie income tax (benefit) @ 30%                                                                                                                                              | (251,601)                            | (651,314)                            |
| Tax effect of non-deductible items                                                                                                                                                  | 387,761                              | 84,553                               |
| Tax rate differential                                                                                                                                                               | (31,187)                             | 44,204                               |
| Translation differences                                                                                                                                                             | (670)                                | 38,942                               |
| Deferred tax assets not brought to account                                                                                                                                          | 50,961                               | 281,181                              |
| Income tax expense / (benefit) attributable to operating result                                                                                                                     | 155,264                              | (202,434)                            |
|                                                                                                                                                                                     | <b>30 June<br/>2022<br/>\$</b>       | <b>31 December<br/>2021<br/>\$</b>   |
| <b>(b) Deferred tax assets not recognised relate to the following:</b>                                                                                                              |                                      |                                      |
| Tax losses                                                                                                                                                                          | 14,462,676                           | 14,263,335                           |
| These deferred tax assets have not been brought to account as it is not probable that tax profits will be available against which deductible temporary differences can be utilised. |                                      |                                      |
| <b>(c) Deferred tax assets and liabilities:</b>                                                                                                                                     |                                      |                                      |
| Deferred tax assets/(liabilities):                                                                                                                                                  |                                      |                                      |
| Temporary differences - Asset retirement obligations                                                                                                                                | (64,361)                             | 281,092                              |
| Temporary differences - Tax losses                                                                                                                                                  | 1,120,175                            | 1,309,604                            |
| Temporary differences – Other assets                                                                                                                                                | 88,747                               | 109,821                              |
| Temporary differences - Oil and gas properties                                                                                                                                      | (4,571)                              | (374,176)                            |
| Temporary differences – Other liabilities                                                                                                                                           | (66,491)                             | (89,064)                             |
| Net Deferred Tax Assets                                                                                                                                                             | 1,073,499                            | 1,237,277                            |

### 6. Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period (2021: nil). Non-cash operating activities, consisting of shares and options granted in lieu of remuneration and services are disclosed in note 4.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                                                     | Consolidated      |                     |
|---------------------------------------------------------------------|-------------------|---------------------|
|                                                                     | 30 June<br>2022   | 31 December<br>2021 |
|                                                                     | \$                | \$                  |
| <b>7. Oil and Gas Properties</b>                                    |                   |                     |
| Austria                                                             |                   |                     |
| Buildings                                                           | 304,459           | 331,264             |
| Undeveloped land                                                    | 171,587           | 176,351             |
| Field office fixtures and equipment                                 | 289,874           | 333,519             |
| Plant and machinery                                                 | 4,005,479         | 4,460,030           |
| Wells                                                               | 5,798,133         | 6,527,211           |
| Retirement obligation assets                                        | 1,430,275         | 1,446,983           |
| Construction in progress                                            | 3,701,014         | 2,473,884           |
| Rights and other intangible assets                                  | 25,558            | 31,501              |
| Romania                                                             |                   |                     |
| Appraisal costs                                                     | 7,932,096         | 8,085,301           |
|                                                                     | <u>23,658,475</u> | <u>23,866,044</u>   |
| <i>Reconciliation of the carrying amount of oil and gas assets:</i> |                   |                     |
| Buildings – opening balance                                         | 331,264           | 381,308             |
| Additions                                                           | -                 | -                   |
| Depreciation                                                        | (18,144)          | (37,383)            |
| Translation differences                                             | (8,661)           | (12,661)            |
|                                                                     | <u>304,459</u>    | <u>331,264</u>      |
| Undeveloped Land – opening balance                                  | 176,351           | 190,835             |
| Additions                                                           | -                 | -                   |
| Translation differences                                             | (4,764)           | (14,484)            |
|                                                                     | <u>171,587</u>    | <u>176,351</u>      |
| Field office fixtures and equipment – opening balance               | 333,519           | 391,087             |
| Additions                                                           | -                 | 27,576              |
| Disposals                                                           | (1,733)           | -                   |
| Depreciation                                                        | (33,962)          | (68,625)            |
| Translation differences                                             | (7,950)           | (16,519)            |
|                                                                     | <u>289,874</u>    | <u>333,519</u>      |
| Plant and machinery – opening balance                               | 4,460,030         | 5,392,632           |
| Additions                                                           | -                 | 16,599              |
| Disposals                                                           | -                 | (8,470)             |
| Depreciation                                                        | (339,440)         | (826,452)           |
| Translation differences                                             | (115,111)         | (114,279)           |
|                                                                     | <u>4,005,479</u>  | <u>4,460,030</u>    |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                                      | Consolidated          |                           |
|------------------------------------------------------|-----------------------|---------------------------|
|                                                      | 30 June<br>2022<br>\$ | 31 December<br>2021<br>\$ |
| <b>7. Oil and Gas Properties - continued</b>         |                       |                           |
| Wells – opening balance                              | 6,527,211             | 8,078,874                 |
| Additions                                            | 120,059               | 259,458                   |
| Transferred from Construction in Progress            | -                     | -                         |
| Transferred to Plant and Machinery                   | -                     | -                         |
| Depreciation                                         | (683,616)             | (1,680,247)               |
| Translation differences                              | (165,521)             | (130,874)                 |
|                                                      | <u>5,798,133</u>      | <u>6,527,211</u>          |
| Retirement obligation assets – opening balance       | 1,446,983             | 1,685,278                 |
| Additions                                            | 120,607               | -                         |
| Disposals                                            | -                     | -                         |
| Amortisation                                         | (99,776)              | (205,455)                 |
| Translation differences                              | (37,539)              | (32,840)                  |
|                                                      | <u>1,430,275</u>      | <u>1,446,983</u>          |
| Construction in progress – opening balance           | 2,473,884             | 69,647                    |
| Additions                                            | 1,293,960             | 2,434,687                 |
| Transferred to Plant and machinery                   | -                     | -                         |
| Transferred to Wells                                 | -                     | -                         |
| Translation differences                              | (66,830)              | (30,450)                  |
|                                                      | <u>3,701,014</u>      | <u>2,473,884</u>          |
| Rights and other intangible assets – opening balance | 31,501                | 15,631                    |
| Additions                                            | -                     | 26,430                    |
| Depreciation                                         | (5,173)               | (10,098)                  |
| Translation differences                              | (770)                 | (462)                     |
|                                                      | <u>25,558</u>         | <u>31,501</u>             |
| Appraisal costs – Romania – opening balance          | 8,085,301             | 7,747,515                 |
| Additions                                            | 65,641                | 179,251                   |
| Additions – rehabilitation and restoration provision | -                     | 538,138                   |
| Translation differences                              | (218,846)             | (379,603)                 |
|                                                      | <u>7,932,096</u>      | <u>8,085,301</u>          |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                        | Consolidated          |                           |
|----------------------------------------|-----------------------|---------------------------|
|                                        | 30 June<br>2022<br>\$ | 31 December<br>2021<br>\$ |
| <b>8. Interest Bearing Liabilities</b> |                       |                           |
| <b>Current</b>                         |                       |                           |
| Loan notes – interest bearing          | 2,187,500             | 2,625,000                 |
| Bank loans – interest bearing          | 318,713               | 327,562                   |
| Bank loans – non-interest bearing      | 252,947               | 259,970                   |
|                                        | <u>2,759,160</u>      | <u>3,212,532</u>          |
| <b>Non-Current</b>                     |                       |                           |
| Bank loans – interest bearing          | 478,070               | 655,124                   |
| Bank loans – non-interest bearing      | 379,420               | 519,940                   |
|                                        | <u>857,490</u>        | <u>1,175,064</u>          |

### Loan Notes

In November 2019, 35 loan notes of \$ 100,000 each totalling \$ 3.5 million were issued. Interest is paid quarterly at 6% per annum.

Principal repayments are as follows:

- \$ 1.75 million is repaid semi annually with 4 equal payments over 2 years commencing from 26 May 2021 and ending on 26 November 2022. To 30 June 2022, \$ 1,312,500 has been repaid; and
- \$ 1.75 million is repayable on 26 November 2022.

### Bank Loans

As announced on 5 August 2020, ADX's Austrian subsidiary, ADX VIE GmbH, secured banking facilities totalling EUR 1,130,000 from Volksbank Wien AG ("Volksbank") and guaranteed by the Austria Wirtschafts ("Economy") Service (the Innovation and Start Up Financing bank of the Austrian state) (AWS), split between two loan facilities:

- EUR 500,000 (A\$ 779,910): interest-free until 31 July 2022, at which point interest will be charged at Euribor plus 0.75%, with the rate to be at least 0%; and
  - EUR 630,000 (A\$ 982,686): incurring interest at 1% per annum on the drawn down value.
- The Collateral for the loan facilities is EUR 120,000 (A\$ 187,178) (held in an ADX VIE bank account with Volksbank).
  - The loan is repayable between 30 June 2022 and 31 December 2024. To 30 June 2022, EUR 188,333 has been repaid.
  - Loan covenants restrict dividends and profit distributions but do not prevent payment of intercompany recharges or loans. A negative pledge relating to other debt is limited to taking up further debt at a subsidiary level and does not restrict servicing of existing debt.

As at the date of this report, EUR 941,667 (A\$ 1,429,150) is repayable in five equal, semi-annual instalments until 31 December 2024.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

|                                                                      | Consolidated          |                           |
|----------------------------------------------------------------------|-----------------------|---------------------------|
|                                                                      | 30 June<br>2022<br>\$ | 31 December<br>2021<br>\$ |
| <b>9. Provisions</b>                                                 |                       |                           |
| <b>Current</b>                                                       |                       |                           |
| Provision for employee entitlements                                  | 370,581               | 312,203                   |
| <b>Non-Current</b>                                                   |                       |                           |
| Provision for employee entitlements                                  | 15,997                | 15,231                    |
| Provision for asset retirement obligations (ARO) – production assets | 13,967,852            | 13,909,846                |
| Provision for rehabilitation and restoration – Romania               | 523,600               | 538,138                   |
|                                                                      | <u>14,507,449</u>     | <u>14,463,215</u>         |
| <i>Reconciliation of the movement in ARO provision:</i>              |                       |                           |
| Opening balance                                                      | 13,909,846            | 13,969,628                |
| Additions – other                                                    | 400,850               | 227,409                   |
| Accretion                                                            | 34,566                | 68,647                    |
| Translation differences                                              | (377,410)             | (355,838)                 |
|                                                                      | <u>13,967,852</u>     | <u>13,909,846</u>         |

### 10. Issued Capital

#### (a) Issued Capital

| Number of<br>Shares  | Summary of Movements                                                          | Note | 6 Months to<br>30 June<br>2022<br>\$ |
|----------------------|-------------------------------------------------------------------------------|------|--------------------------------------|
| 2,974,437,202        | Opening balance 1 January 2022                                                |      | 81,435,632                           |
| 902,728              | Issue of shares to Directors (part remuneration for 12/2021 quarter)          | 4    | 9,930                                |
| 4,063,751            | Issue of shares to Co Secs and Consultants (remuneration for 12/2021 quarter) | 4    | 42,577                               |
| 43,258,177           | Shares issued upon exercise of Performance Rights                             | 4    | -                                    |
| 23,250,146           | Options exercised at \$Nil                                                    |      | -                                    |
| 5,250,000            | Shares issued to advisor (cash)                                               |      | 42,000                               |
| 154,253              | Issue of shares to Directors (part remuneration for 3/2022 quarter)           | 4    | 1,234                                |
| 3,185,543            | Issue of shares to Directors (part remuneration for 12/2021 quarter)          | 4    | 25,484                               |
| 5,257,511            | Issue of shares to Co Secs and Consultants (remuneration for 3/2022 quarter)  | 4    | 41,595                               |
| -                    | Costs of share issues - cash                                                  |      | (17,179)                             |
| <u>3,059,759,311</u> | Closing Balance as at 30 June 2022                                            |      | <u>81,581,273</u>                    |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

### 10. Issued Capital - continued

#### (b) Options on issue as at 30 June 2022

|                        | Number      | Exercise Price | Expiry Date |
|------------------------|-------------|----------------|-------------|
| Unlisted Options       | 67,500,020  | 1.5 cents      | 26/11/2023  |
| Unlisted Options       | 6,000,000   | Nil cents      | 26/06/2024  |
| Unlisted Options       | 6,078,125   | Nil cents      | 31/07/2024  |
| Unlisted Options       | 5,116,071   | Nil cents      | 31/10/2024  |
| Unlisted Options       | 7,250,000   | Nil cents      | 31/01/2025  |
| Unlisted Options       | 3,145,833   | Nil cents      | 31/05/2025  |
| Unlisted Options       | 2,456,250   | Nil cents      | 31/07/2025  |
| Unlisted Options       | 3,294,642   | Nil cents      | 31/10/2025  |
| Unlisted Options       | 1,857,954   | Nil cents      | 31/01/2026  |
| Unlisted Options       | 6,085,465   | Nil cents      | 31/05/2026  |
| Total Unlisted Options | 108,784,360 |                |             |

|                                                                                                               | Note | Number of Options |
|---------------------------------------------------------------------------------------------------------------|------|-------------------|
| <b>Summary of Movements during the year</b>                                                                   |      |                   |
| Opening balance 1 January 2022                                                                                |      | 337,385,082       |
| Options exercised at \$Nil                                                                                    |      | (23,250,146)      |
| Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – Dec 2021 quarter   | 4    | 3,549,054         |
| Lapsed Loan Note Options (\$0.01)                                                                             |      | (67,500,020)      |
| Issue of unlisted options in lieu of remuneration to Directors Ian Tchacos and Paul Fink – March 2022 quarter | 4    | 5,337,890         |
| Lapsed options (\$0.015)                                                                                      |      | (146,737,500)     |
| Closing Balance as at 30 June 2022                                                                            |      | 108,784,360       |

|  | <b>Consolidated</b> |                    |
|--|---------------------|--------------------|
|  | <b>30 June</b>      | <b>31 December</b> |
|  | <b>2022</b>         | <b>2021</b>        |
|  | <b>\$</b>           | <b>\$</b>          |

### 11. Reserves

|                                      |             |             |
|--------------------------------------|-------------|-------------|
| Share-based payments reserve         | 5,592,393   | 5,489,429   |
| Foreign currency translation reserve | (1,806,448) | (1,706,318) |
| Hedging Reserve                      | -           | (107,389)   |
|                                      | 3,785,945   | 3,675,722   |

#### Reconciliation of the movement in Hedging Reserve:

|                                                                                                |           |           |
|------------------------------------------------------------------------------------------------|-----------|-----------|
| Balance brought forward                                                                        | (107,389) | 250,470   |
| Change in value of hedging instruments recognised in Other Comprehensive Income for the period | 107,389   | (190,775) |
| Less: Deferred tax adjustments                                                                 | -         | 47,694    |
| Movement for the year                                                                          | (107,389) | (143,081) |
| Balance at the end of the period                                                               | -         | 107,389   |

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

### 12. Non-controlling Interests

ADX's subsidiaries that have non-controlling interests:

| Name of Controlled Entity             | Place of Incorporation | % Held by ADX Group |                     |
|---------------------------------------|------------------------|---------------------|---------------------|
|                                       |                        | 30 June<br>2022     | 31 December<br>2021 |
| Danube Petroleum Limited              | England (U.K.)         | 49.18%              | 49.18%              |
| <u>Danube's 100% owned subsidiary</u> |                        |                     |                     |
| ADX Energy Panonia Srl                | Romania                | 49.18%              | 49.18%              |

Danube Petroleum Limited (Danube), via its' Romanian subsidiary, ADX Energy Panonia, holds a 100% interest in the Parta Exploration license (including a 100% interest in the Parta Appraisal Sole Risk Project) and a 100% interest in the Iacea Mare Production license.

|                                   | Consolidated          |                       |
|-----------------------------------|-----------------------|-----------------------|
|                                   | 30 June<br>2022<br>\$ | 30 June<br>2021<br>\$ |
| <b>Non-controlling Interests</b>  |                       |                       |
| Opening balance as at 1 January   | 8,478,678             | 8,837,270             |
| Share of loss for the period      | (53,467)              | (86,735)              |
| Share of other comprehensive loss | (107,315)             | (118,426)             |
|                                   | <u>8,317,896</u>      | <u>8,632,109</u>      |

### 13. Derivative Financial Instruments

As at 30 June 2022, ADX has hedging transactions in place for a zero-cost collar contract with a pricing floor at USD 80.00 per barrel (put option strike price) and a cap at USD 130.25 per barrel (call option strike price). The total remaining volume of oil production covered by the zero-collar contract is 21,600 barrels for the period from 1 July 2022 to 31 December 2022 inclusive.

### 14. Related Party Transactions

There were no new related party transactions during the half-year.

### 15. Commitments and Contingencies

Since the last annual reporting date, the following are material changes to commitments or contingencies.

#### Upper Austria Exploration (AGS) Licenses – Austria

ADX executed concession agreements for exploration, production and gas storage in Upper Austria (Upper Austria AGS) on the 8th of January 2021 between ADX and Federal Ministry responsible for Mining on behalf of the Republic of Austria. Effective from 1 April 2022, ADX was successfully awarded license extensions for its respective AGS license areas ADX AT I and ADX AT II, respectively, resulting in a total Upper Austrian license area of 1022 km<sup>2</sup>. In order to secure these licenses and the work program, the secured bank guarantee was increased to EUR 937,378 with a cash payment of EUR 149,672 made during the half-year to increase the secured cash holdings to EUR 562,411 or 60% of the total secured guarantee.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

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### 15. Commitments and Contingencies - continued

The total term for the Upper Austria AGS including the newly awarded extension area is 16 years without any relinquishment and the first, 4-year firm period commencing 1st January 2021.

ADX has a 3 well exploration drilling commitment during 4-year firm period. The total remaining minimum financial obligation to keep the licenses in good standing accounting for expenditures already made relating to the drilling of the Anshof-3 discovery well is EUR 2.3 million.

#### **Anshof Prospect in Upper Austria - Farmin**

In November 2021, ADX signed a farm-in agreement with Xstate Resources Limited ("Xstate") to partially fund the drilling of the Anshof prospect in ADX-AT-II exploration license in Upper Austria ("Farmin HOA"). Under the terms of the Farmin HOA, Xstate have funded 40% of the Anshof well drilling expenditure up to a cap EUR 1,800,000 million (EUR 720,000) to earn a 20% equity interest in the Anshof Prospect Area. Xstate may elect to fund 40% of a second well on Anshof or the Anshof Farmin Area to earn a 20% interest in the entire Anshof Farmin Area (Second Well Funding).

Subject to an election to participate in the Anshof Prospect Area following the conclusion of drilling the Anshof exploration well, Xstate had up to 3 months to elect to participate in the entire Anshof Farmin Area by making a commitment to the Second Well Funding. Xstate has completed its obligations for participation in the Anshof Prospect but has not elected to fund a Second Well Funding pursuant to the Farmin HOA and therefor has no further rights to the Anshof Farmin Area. ADX and Xstate have agreed to enter into a production sharing contract (PSC) and a joint operating agreement (JOA) which will cover the conduct of ongoing operations and sharing of production from the Anshof Prospect Area. The PSC and JOA principles are included in the Farmin HOA.

#### **OHO Farm-in Option**

Subject to satisfying its Anshof farmin obligations, Xstate had an option for up to two months after the drilling of Anshof to farmin to ADX OHO prospect in ADX-AT-I license to earn between a 15% to 25% participating interest in the OHO Farmin Area by spending twice the nominated participating interest share of the costs of drilling one exploration well in the OHO Farmin Area up to maximum expenditure of €6,600,000. Xstate has not made an election to farmin to the OHO prospect and has no further rights with respect to the option.

#### **d363 C.R.-AX license - Italy**

ADX holds a 100% interest in the d363 C.R.-AX prospecting license which contains the Nilde Oil Re Development Project. ADX had completed submissions to the Italian licensing authorities (UFFICIO NAZIONALE MINERARIO PER GLI IDROCARBURI E LE GEORISORSE or UNMIG) in order to convert the area to an exploration license. Upon ratification of the prospecting license to an exploration license ADX will assume the commitment to purchase and reprocess 300 Km of 2D seismic and drill one exploration well within 5 years. Upon ratification ADX intends to complete the purchase of 2D seismic and undertake seismic reprocessing and make applications to UNMIG to drill an appraisal well on the Nilde field in lieu of its exploration commitment.

As previously announced, ADX completed a farmout with SDP Services Limited ("SDP") where SDP can earn an interest of 50% interest in the d363 C.R.-AX Permit (License) containing the Nilde Oil Redevelopment Project by funding the work program commitments of Audax Energy Srl (Audax) a wholly owned subsidiary of ADX up to a maximum of EUR 20.82 million. The transaction is conditional upon the Italian Licensing Authorities ratifying the License. Upon ratification of the License, SDP will receive 5% net profits royalty interest attributable to any future production from the Nilde Field. ADX will remain operator of the license.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

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### 15. Commitments and Contingencies - continued

ADX was advised on the 4th of February 2019 that the Italian senate passed legislation to suspend exploration activities in all permits that have been approved or are in the process of being approved for a period of up to 18 months (to approximately August 2020) to enable the government authorities to evaluate the suitability of exploration areas for sustainable hydrocarbon exploration and production activities. The Italian Senate further advised that suspension will be extended to the first quarter of 2021. Due to the COVID-19 Pandemic the suspension of exploration activities was further extended.

During this reporting period, the Italian licensing authorities offered ADX the opportunity to ratify d363 C.R.-AX prospecting license. The ratification is subject to a number of conditions including that only the gas potential within its d363C.R.-AX license is commercially exploited. ADX has submitted a report to the Italian authorities detailing the natural gas prospectivity of the license for gas. ADX intends to submit, by 10<sup>th</sup> October 2022, a work program committing to seismic reprocessing and the option to acquire 2D seismic and 3D seismic data together with information in relation to ADX financial capability.

### 16. Subsequent Events

#### *Placement Raising \$ 2.55 million*

On 10 August 2022, ADX advised it had successfully raised \$ 2.55 million from a placement of 425,000,000 shares at a price of \$ 0.006 per share to sophisticated, institutional and professional investors (the Placement). One (1) free attaching unlisted option was issued for every two (2) Placement Shares. The exercise price of the Placement Options is \$ 0.013 with an expiry date of 10 August 2024.

Funds raised by the Placement will be used to accelerate drilling programs in Upper Austria including the purchase of drilling long lead items and securing services required for the giant Welchau prospect gas exploration well and the Anshof-2 development well. In addition to drilling related investment ADX will be undertaking the commissioning of an early production facility to commence commercial production from the Anshof-3 discovery well expected in October 2022.

#### *Equity Issues in Lieu of Remuneration*

Subsequent to year end, on 25 August 2022, ADX issued the following shares and options. These amounts were accrued in the 30 June 2022 financial statements:

- a. 4,741,208 shares issued pursuant to ADX' Directors' Share Plan, approved by Shareholders on 27 May 2022. The shares were issued to directors in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2022 (\$ 37,929).
- b. 7,029,146 shares issued to ADX's Company Secretaries and consultants in consideration of remuneration elected to be paid via shares for the quarter ended 30 June 2022 (\$ 54,779).
- c. 4,992,187 Options granted to Directors Ian Tchacos and Paul Fink, as approved by Shareholders on 27 May 2022. The options were granted in consideration of consultancy fees remuneration elected to be paid via options for the quarter ended 30 June 2022 (value \$ 39,938). The options have a nil exercise price and expire on 31 July 2026.

# ADX ENERGY LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2022

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### 16. Subsequent Events - continued

#### *Anshof discovery (ADX-AT-II licence in Upper Austria)*

In September 2022, ADX advised that its' 100% owned subsidiary, ADX VIE GmbH ("ADX VIE") had finalised commercial arrangements which enable the long-term oil production testing for the Anshof-3 discovery well located within the ADX-AT-II license in Upper Austria. First commercial test production from the well is expected in mid October 2022. ADX holds an 80% operated interest in the Anshof discovery with the balance (20%) being held by its partner Xstate Resources Limited.

The commercial arrangements include an agreement for the lease of an Early Production System ("EPS") and an Oil Production, Transportation and Sales Agreement ("OSA") with RAG Exploration and Production GmbH ("RAG E&P"). The EPS will provide oil and gas separation, power generation, well site storage, offloading and telemetry control systems at the Anshof-3 location which will allow oil to be efficiently produced from the well with minimal operator intervention. The EPS will be mobilised to the Anshof-3 location in the coming weeks and the term of the lease is approximately 12 months.

The OSA provides the commercial framework for the processing, transportation, delivery and sale of Anshof crude to RAG E&P, which will be onsold in conjunction with its own crude to the OMV refinery near Vienna. The sales price for Anshof crude will be at Brent less a small quality differential. The processing, storage and transportation charge for Anshof crude will be approximately US\$ 11 per barrel. Oil production will be delivered from the EPS to a nearby RAG E&P oil terminal for processing and transportation by rail to the OMV refinery near Vienna.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity, in subsequent financial years.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
ADX ENERGY LTD

Report on the Review of the Half-Year Financial Report

**Conclusion**

We have reviewed the half-year financial report of ADX Energy Ltd ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

**Directors' Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
ADX ENERGY LTD (continued)**

***Auditor's Responsibility for the Review of the Half-Year Financial Report***

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Rothsay Audit & Assurance Pty Ltd**

Donovan Odendaal  
Director

Dated 13 September 2022