

20 November 2024

Operations Update

Welchau-1 Production Testing Progress Report

“Initial flows from first test interval yields a combination of drilling mud, formation water, gas and traces of oil at a liquid rate between 240 to 290 barrels per day.”

Key points:

- ADX holds an 75% economic interest in the Welchau-1 discovery and other emerging prospects in the Welchau Investment Area located in ADX' ADX-AT-II licence in Upper Austria (refer Figure 2).
- The RED Drilling & Services W-102 workover rig (Workover Rig) has been set up and used to install a testing completion string in the Welchau-1 well.
- The well has been perforated over two intervals in the Steinalm Formation between 1452.5 metres to 1663.5 metres Measured Depth (MD) and 1474.5 metres to 1480 metres MD. The perforations were carried out underbalance (i.e. with a pressure drawdown) using high perforation density casing guns with a pre-flow conducted to clean up the well ahead of further testing.
- Following well perforation, gas was observed at surface followed by an unassisted sustained stable rate of liquid flow of drilling mud, likely contaminated formation water and some oil traces. The observed liquid rate has been between 240 to 290 barrels per day from the unstimulated perforated intervals.
- The perforated intervals are over fractured zones in the Steinalm Formation where hydrocarbon shows were observed during drilling and above where oil was recovered from a down hole modular formation dynamic tester (MDT), intervals where hydrocarbon influxes were observed whilst drilling as well as the interval where a formation core was recovered with fluorescence (refer Figure 1).
- The well is being flowed during daylight hours, surface fluid sampling is ongoing and a down hole production logging tool (PLT) is being run in the well to diagnose flow contributions from perforations, pressures and fluid gradients.
- Surface sampling and analysis of fluids recovered as well as PLT results analysis is ongoing to determine the type and flow of liquids produced into the well at this level. This analysis is required to understand fracture system flow behaviour, recovery of mud losses from drilling, source and extent of formation water and hydrocarbon charge in the complex Steinalm Formation fracture system.
- The lack of hydrocarbons encountered in the well at this interval is disappointing and contrasts with hydrocarbon shows recorded while drilling the well and oil samples recovered from the MDT tester. More analysis is required to understand what appears to be a productive, extensive, well-connected and permeable fracture system in this part of the Steinalm Formation that is now interpreted to be drawing formation water into the well.
- The current forward plan is to complete the acquisition of the PLT data followed by the testing of the shallower Reifling Formation while evaluating the results to date from the Steinalm Formation test interval.

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ADX Energy Ltd (**ASX Code: ADX**) has commenced flow testing the Welchau-1 discovery well, located in the ADX-AT-II licence in Upper Austria. ADX holds an 75% economic interest in the Welchau Investment Area which contains the Welchau-1 discovery and other emerging prospects in the Northern Calcareous Alps (refer Figure 2).

A well completion has been run in the well (tubing, packer and perforating system) and two intervals have been perforated underbalance using high density casing guns in the Steinalm Formation. The test intervals are 1452.5 metres to 1663.5 metres Measured Depth (MD) and 1474.5 metres to 1480 metres MD.

A well clean up flow has been conducted where gas was observed at surface followed by unassisted sustained stable rate of liquid flow of drilling mud, likely contaminated formation water and some oil traces. Well productivity observed from the unstimulated perforated interval is between 240 to 290 barrels per day of fluids. The well is being flowed during daylight hours where fluid sampling is ongoing and a down hole production logging tool (PLT) is being run in the well to diagnose flow contributions from perforations, pressures and fluid gradients.

Surface sampling and analysis of fluids recovered as well as PLT results analysis is ongoing to determine the type and flow of liquids produced into the well at this level. This analysis is required to understand fracture system flow behaviour, recovery of mud losses from drilling, source of formation water and hydrocarbon charge in the complex Steinalm Formation fracture system.

The perforated intervals are over fractured zones in the Steinalm Formation where hydrocarbon shows were observed during drilling and above where oil was recovered from a down hole modular formation dynamic tester (MDT), intervals where hydrocarbon influxes were observed whilst drilling as well as the interval where a formation core was recovered with fluorescence (refer Figure 1).

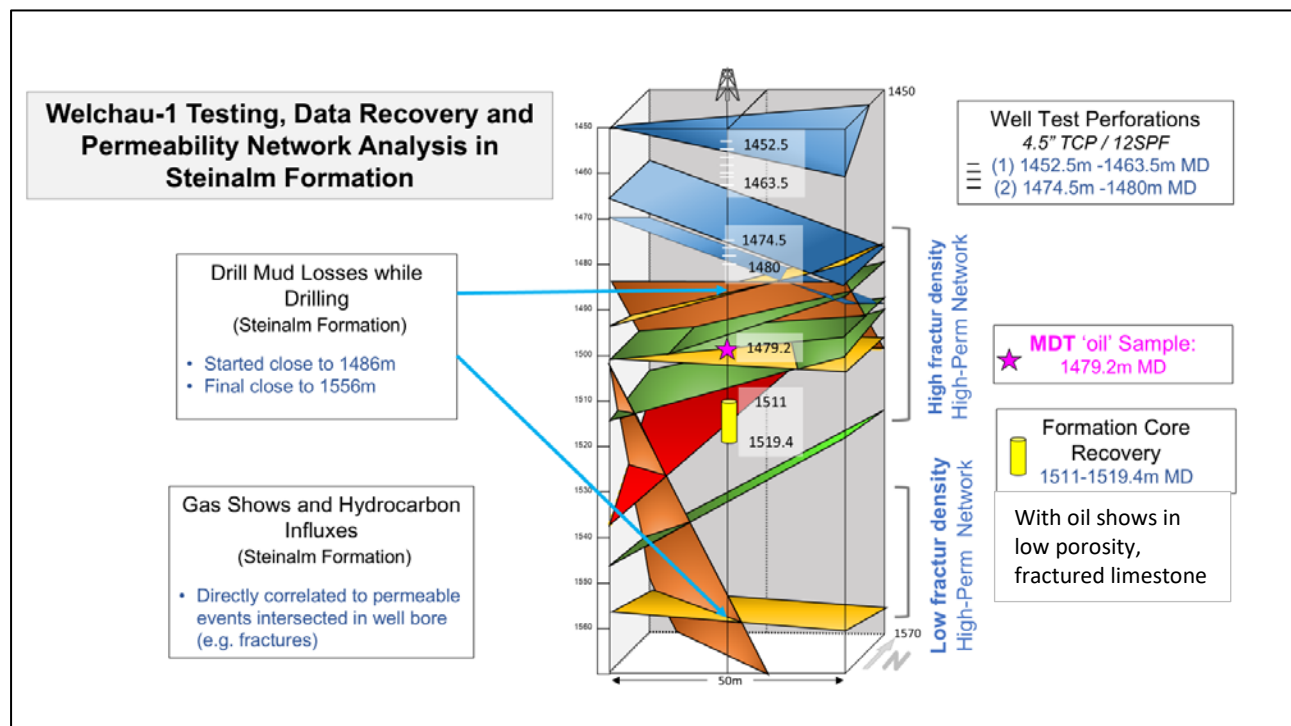


Figure 1: Showing flow test intervals relative to MDT oil sample recovery and formation core recovery in Steinalm formation

The lack of hydrocarbons encountered as the main fluid in the well at this interval is disappointing and contrasts with hydrocarbon shows recorded while drilling the well and oil samples recovered from the MDT sampler. More analysis is required to understand what appears to be a productive, extensive, well-connected and permeable fracture system in this part of the Steinalm Formation that is now interpreted to be drawing formation water into the well.

The current forward plan is to complete the acquisition of the PLT data followed by the testing of the shallower Reifling Formation while evaluating the results to date from the Steinalm Formation test interval.

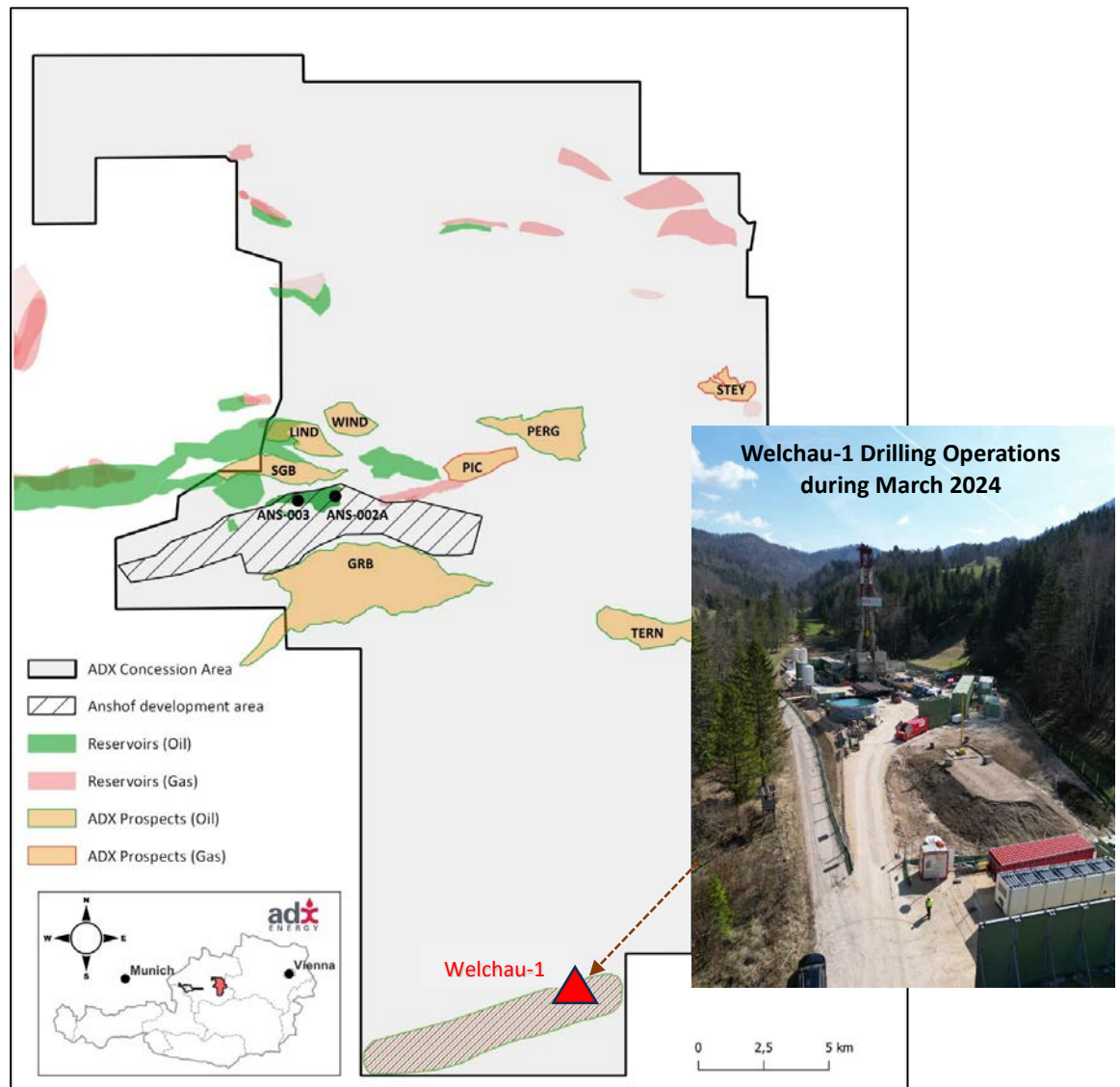


Figure 2: Location of Welchau-1 Discovery in the Northern Calcareous Alps within the ADX AT-II license area, as well as the Anshof oil discovery (ANS-3) and recent production well (ANS-2A)

ADX Economic Participation

ADX has executed an Energy Investment Agreement (EIA) with MCF Energy Ltd. via its subsidiary MCF Energy GmbH (MCF) to fund 50% of Welchau-1 well costs up to a well cost cap of EUR 5.1 million to earn a 25% economic interest in the Welchau Investment Area which is part of ADX' ADX-AT-II licence in Upper Austria. The Welchau Investment Area contains the Welchau discovery well and other emerging oil and gas prospects. MCF has met its earn in funding obligations in accordance with the EIA to earn a 25% economic interest. ADX holds a 75% economic interest in the Welchau Investment Area. MCF is obliged to pay 25% of ongoing well costs as well as exploration and appraisal expenditures. ADX holds a 100% economic interest in the remainder of the ADX-AT-II licence other than the Anshof Discovery Area.

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Authorised for lodgement by Ian Tchacos, Executive Chairman

Persons compiling information about Hydrocarbons:

Pursuant to the requirements of the ASX Listing Rule 5.41 the technical and reserves information relating to Austria contained in this release has been reviewed by Paul Fink as part of the due diligence process on behalf of ADX. Mr Fink is Technical Director of ADX Energy Ltd is a qualified geophysicist with 30 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).

Nomenclature and conversions used in this release

BBL means US barrel

MMBBL means million US barrels

MCF means thousand cubic feet

MMCF means million cubic feet

BCF means billion cubic feet

TCF means trillion cubic feet

BOE means barrel of oil equivalent

MMBOE means million barrels of oil equivalent

MMSCFPD means million standard cubic feet per day

End of this Release