

25 October 2018

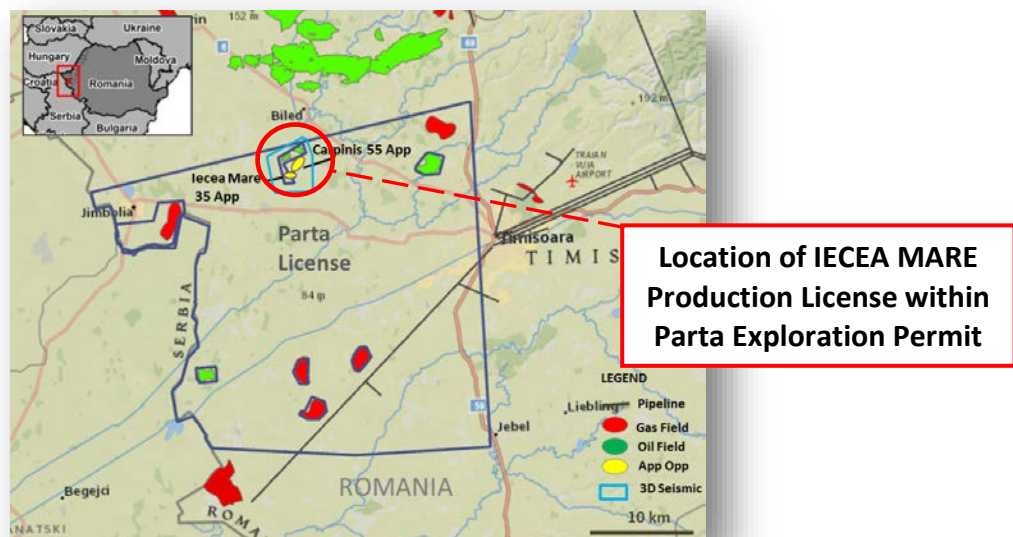
Romania Authorities approve Iecea Mare Production License transfer within Parta Permit onshore Romania

Key Points

- Strategic production license acquisition in the Parta Exploration Permit
- ADX licensed as a production operator in Romania
- Ability to optimally drill the Iecea Mica 1 well from production license
- Ability to utilise license area for rapid development of successful Parta Appraisal Program wells
- Access to 3D seismic data available with production license
- Access to further development, appraisal and exploration opportunities
- Rig contracted and long lead items ordered for drilling first well in Q1 2019
- Discussions ongoing for further Danube funding to drill second well

ADX Energy Ltd (ASX Code: **ADX**) is pleased to announce that the Romanian Designated Authority has approved the transfer of the Iecea Mare Production license (“License”) from the Romanian production company Amromco Energy SRL (“Amromco”) to ADX’S Romanian subsidiary, ADX Energy Panonia SRL (“ADX Panonia”), pursuant to the Sales and Purchase Agreement (“SPA”) announced on 8 June 2018 for the purchase of a 100% equity interest in the License.

ADX holds a 71% interest¹ in ADX Panonia via Danube Petroleum Limited (Danube). The License area is 4.7 km² expiring in November 2034.



Note 1: ADX holds a 71% share holding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc following the recent completion of a US\$ 2million investment in Danube. Danube via ADX Panonia holds a 50% 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.

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The License does not contain any active oil and gas infrastructure however it overlaps mapped contingent and prospective resources that will be targeted by the upcoming Parta Appraisal Program as well as containing additional development, appraisal and exploration opportunities identified on 3D seismic.

The acquisition of the License enables one of the Parta appraisal wells to be drilled from an optimal location within the License area. Upon Appraisal Program success it is possible to locate production facilities within the License area enabling the initiation of potential production operations without the need to convert an area of the Parta Exploration permit to a production license. The location of the License proximal to the active Calacea gas plant ensures the potential for cost effective and rapid tie in of gas production. As a consequence of the transfer of the production license, ADX will become a licensed production operator in Romania. ADX will operate the Iacea Mare production license as well as the Parta Exploration Permit on behalf of Danube pursuant to a Services Agreement between the Parties.

Parta Appraisal Drilling Progress

ADX has recently achieved the following key milestones enabling the drilling of the first appraisal well during the first quarter of 2019:

- the approval of the location and well program for the first appraisal well by the relevant Romanian Licensing Authority (NAMR),
- landowner approvals for access to the rig site,
- the purchase of long lead items including well casing, tubing, well head and Xmas tree, and
- the signing of a drilling contract for one firm well plus an optional second appraisal well.

ADX will continue to provide operational updates in relation to the Parta Appraisal Program leading up to the planned spud date during the first quarter of 2019.

Further Funding for Second Appraisal Well

As previously announced by ADX on the 24th of September 2018, Reabold Resources Plc (LSE AIM:RBD) (Reabold) recently completed Tranche 2 funding of US\$ 1.5 million under an agreement to invest a total of US\$ 2 million in the Danube to provide funding for the first appraisal well. Reabold now holds a 29% shareholding in Danube with the remaining 71% held by ADX. In conjunction with the Reabold funding agreement, Reabold has an option (at Reabold's election) to invest further funding of US\$ 0.5 million and ADX will either invest directly or source investment from a third party of US\$ 0.5 million on the same terms as Reabold's Tranche 1 and Tranche 2 investments. ADX and Reabold have agreed to extend those funding arrangements to 30 November 2018.

ADX is engaged with a number of parties in relation to a potential investment in Danube with a view to funding the second planned appraisal well. A further US\$ 2.5 million investment in Danube will enable the drilling of a second appraisal well as outlined in the recently released Danube Investment Memorandum (<http://adx-energy.com/documents/20180816-romania-information-memo-with-im.pdf>).

Ian Tchacos, Executive Chairman of ADX commented "ADX is very pleased with the approval of Iacea Mare Production License transfer by the Romanian Authorities and the operational progress with the Parta Appraisal Program. Iacea Mare is an important operational and strategic asset. It enhances Danube's ability to organically develop potential high profitability gas production at low cost via the Parta Appraisal Program. The production license also enables rapid development of future production wells and contains further appraisal and exploration opportunities defined on modern 3D seismic."

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