

3 December 2019

Austrian Production Asset Acquisition Completed

“A transformative step towards becoming a material European producer”

Key Points:

- Completion of Zisterdorf and Gaiselberg fields acquisition as well as agreements for exploration data and access arrangements to RAG’s production infrastructure in Upper Austria.
- The acquired assets are very well maintained and operated to high safety and environmental standards with exceptional sustainability credentials.
- ADX becomes only the third production operator and production company in Austria and is ideally positioned to secure a highly prospective, drill ready appraisal and exploration portfolio in Upper Austria supported by RAG’s extensive 3D data base.
- The 30 November 2019 closing price of Euro 2,262,074 (less the Euro 400,000 deposit) is less than the expected Euro 2,500,000 when the transaction was announced in July 2019.
- Better than expected field production performance has resulted in a lower closing price and strong ongoing post tax cash flows of approximately Euro 190,000 per month.
- The transfer of RAG fields production team and exploration personnel provides excellent asset continuity and a highly skilled team for ADX to build its Austrian E&P position as well as a beach head for European growth opportunities.
- The collaborative nature of the transaction enables ADX to utilise RAG office space, administrative services, field production control systems and IT functions at favourable rates enabling a smooth transition, safe operations and reduced costs.
- Further collaboration opportunities are possible for ADX due to RAG’s strategic shift from exploration and production to gas storage and gas transmission.



ADX Energy Ltd (ASX Code: **ADX**), is pleased to advise that the transaction announced on the 2 July 2019 for the acquisition of the Zistersdorf and Gaiselberg oil and gas fields located onshore in the Vienna Basin, Austria (Production Assets) as well as agreements for exploration data and access arrangements to RAG's production infrastructure in Upper Austria has been completed on the 2 December 2019.

The Purchase price for the Production Assets was Euro 4,000,000 at 1 January 2019 as announced at 2 July 2019. The final acquisition price for the transaction at 30 November 2019 is Euro 2,262,074 which accounts for net after tax production revenues (Euro 2,007,845) less capital costs (Euro 269,919) during the period.

A Data User Agreement providing ADX with exclusive access to RAG Exploration Data (including 3650 km² of modern 3D seismic) in Upper Austria will now come into legal force. Securing access to this very valuable exploration data base in Upper Austria surrounding RAG's core production fields is a massive advantage for ADX. In addition, ADX has secured facilities access arrangements to RAG's extensive oil and gas infrastructure providing certainty of rapid development for any appraisal or exploration success. This positions ADX with a ready to drill prospect inventory based on modern 3D seismic in a highly prospective producing basin with certain access to infrastructure.

A vital element of the success of this transaction is the transfer of highly experienced RAG production and exploration personnel to ADX. On the 2 December 2019, five field technicians, two field production supervisors and two part time production engineering and geology professionals will join the ADX Vienna subsidiary. These personnel are included in the Production Asset operating costs. In addition to the production asset personnel, the ADX Vienna subsidiary will assume the services of four exploration geoscientists. The team will be managed by a highly experienced exploration and production manager who will also be a director of the local company and assume the critical role of responsible person with respect to the Austrian licensing authority. These personnel together with ADX CEO Paul Fink have enabled ADX to become only the third production operator in Austria and will be instrumental in ADX plans to secure a substantial exploration portfolio in a prospective area surrendered by RAG.

ADX Executive Chairman, Mr Ian Tchacos, said *"We are delighted to finally complete this transformative transaction thereby achieving a significant milestone for the Company. ADX is now a producer and the operator of production assets in Austria, a prime jurisdiction in terms of oil and gas product pricing, access to infrastructure and political stability. Of particular importance for the success of ADX is the access to highly credentialed production and exploration personnel. The transfer of experienced operations personnel ensures that the Production Assets will continue to be operated to the highest safety, environmental and efficiency standards. Our new exploration team will be critical for the successful application of exploration acreage in upper Austria and the drill out of the RAG appraisal and exploration portfolio."*

For further details please contact:

Paul Fink
Chief Executive Officer
+61 (08) 9381 4266

paul.fink@adx-energy.com

Ian Tchacos
Executive Chairman
+61 (08) 9381 4266

iantchacos@bigpond.com

END OF THIS RELEASE - Authorised for lodgement by Ian Tchacos, Executive Chairman