

25 March 2019



ADX Energy Ltd

## **Amendment to ADX Announcement ‘Parta Appraisal Operations Commencement’**

On 20 March 2019, ADX Energy Ltd (ASX Code: ADX) advised that it has received all key statutory and landowner approvals required to spud the lecea Mica 1 or (“IM-1”) appraisal well in late June 2019.

ADX has now amended that announcement to add the required cautionary statement regarding prospective resources in the headline statement. Previously this cautionary statement was on page 2 only.

There are no other changes to the announcement and ADX remains on track to spudding the lecea Mica 1 well in late June 2019.

For further details please contact:

**Paul Fink**

**Chief Executive Officer**

+61 (08) 9381 4266

[www.adxenergy.com.au](http://www.adxenergy.com.au)

**Ian Tchacos**

**Executive Chairman**

+61 (08) 9381 4266

**AUSTRALIA**

Level 2,  
Suite 14, 210 Bagot Road  
Subiaco WA 6008

PO Box 63 Subiaco 6904

**T** +61 (08) 9381 4266  
**F** +61 (08) 9381 4766  
**E** [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

**ABN 50 009 058 646**

[www.adxenergy.com.au](http://www.adxenergy.com.au)



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## Parta Appraisal Operations Commencement Ilecea Mica 1 Well Spud Date firming up for late June 2019 (amended)

ADX Energy Ltd

AUSTRALIA

Level 2,  
Suite 14, 210 Bagot Road  
Subiaco WA 6008

PO Box 63 Subiaco 6904

T +61 (08) 9381 4266

F +61 (08) 9381 4766

E [admin@adxenergy.com.au](mailto:admin@adxenergy.com.au)

ABN 50 009 058 646

[www.adxenergy.com.au](http://www.adxenergy.com.au)

### SUMMARY

- The IM-1 well will test multiple zones including a previously tested gas zone and an uncontrolled flow in the historic discovery well
- Contingent Resource (6.1 Bcf 2C) and Prospective Gas Resource (13 Bcf Best Estimate) potential for well defined by an Independent Expert (see page 2)
- Further larger deep exploration upside has been identified on 3D seismic that is accessible by the well (16 Bcf and/or 2 MMBBLS Best Case Prospective Resource).

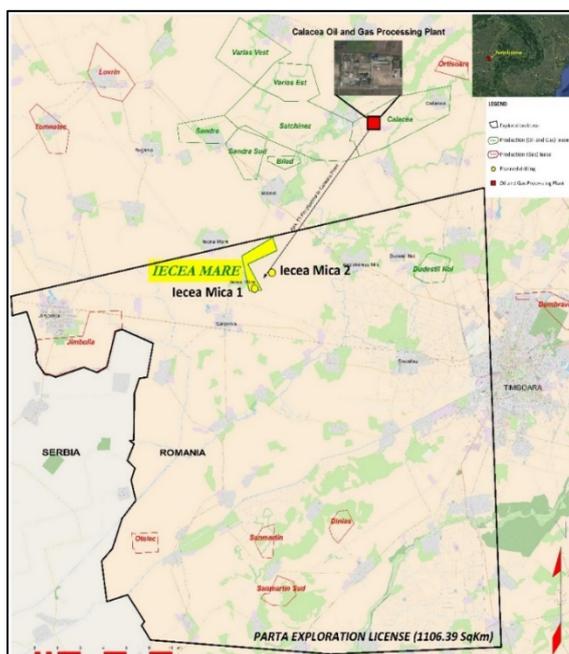
*Note: Prospective Resources are those estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further explorations appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

- All key statutory and land owner approvals obtained with local environmental and site construction permits expected by early May.
- Operational readiness with all key services and materials secured to enable the drilling of the preferred well from the Ilecea Mare Production License
- Outstanding well preparations are construction of the well pad and access road

ADX Energy Ltd (ASX Code: **ADX**) is pleased to advise that it has received all key statutory and landowner approvals required to spud the Ilecea Mica 1 or ("IM-1") appraisal well in late June 2019.

The IM-1 well is located in the Ilecea Mare Production License ("License") owned 100% by ADX Energy Panonia SRL, a wholly owned subsidiary of Danube Petroleum Limited (Danube). ADX holds a 67% shareholder interest in Danube and is contract Operator for the License and the surrounding Parta Exploration Permit ("Permit") in which the License is located. IM-1 is the first of two gas appraisal wells planned for drilling on historical discoveries now defined with 3D seismic.

This release summarises the contingent and the prospective resource potential for the IM-1 well as well as the well program, well costs, schedule and current state of operational readiness.



**Location Map – Showing IM-1 Well location, Iecea Mare Production License and Parta License**

**Resource Potential**

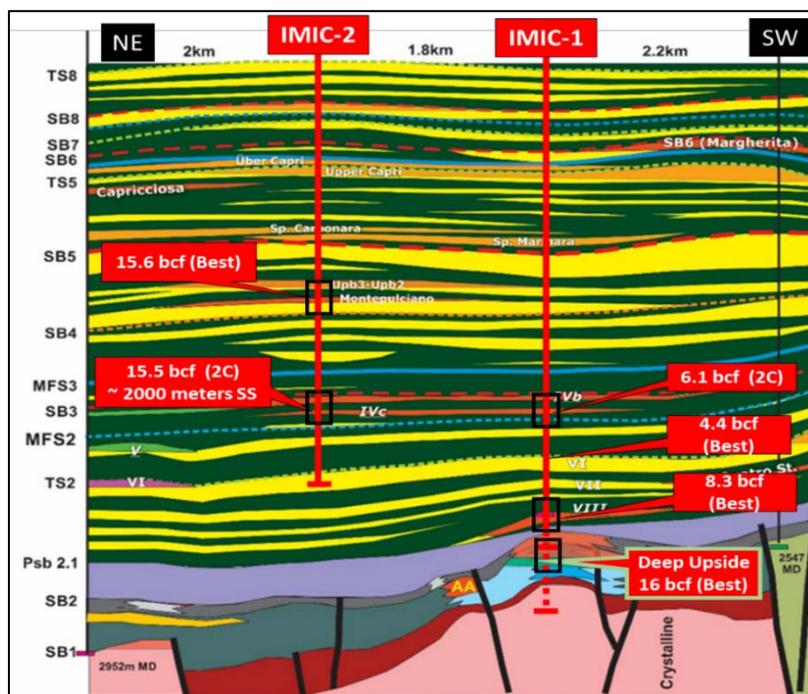
ADX together with Danube’s 33% shareholder, Reabold Resources PLC (“Reabold’), have elected IM-1 as the first drilling candidate for the Parta Appraisal Program. IM-1 is a structural trap targeting multiple (Pliocene to Miocene) pay zones including established appraisal potential from historic wells drilled in the 1980’s that were tested but never produced as well as deeper not tested exploration potential defined on recently acquired 3D seismic. The independently assessed contingent and prospective resource potential of IM-1 is summarised in the following table extracted from the ERC Equipose Independent Report (ERCE). This excludes deeper exploration potential which can be accessed by the IM-1 well.

**ERCE Independent Resource Estimates for Parta Appraisal Program**

(refer ADX’s ASX release 11/7/2018)

Recoverable Hydrocarbon Volumes			ERCE Estimates		
Prospect	Target Reservoir	PRMS Category	P90 (bscf)	P50 (bscf)	P10 (bscf)
IM-1	Pa IV	Contingent <sup>1</sup>	2.0	6.1	16
IM-1	Pa VI	Prospective <sup>2</sup>	2.4	4.4	7.3
IM-1	Pa VIII inf.	Prospective	2.7	8.3	21.3
IM-2	PsB4.3	Prospective	5.4	15.6	39.1
IM-2	Pa IV	Contingent	4.8	15.5	43
<b>Total Program</b>		<b>Contingent</b>	<b>6.8</b>	<b>21.6</b>	<b>59.0</b>
<b>Total Program</b>		<b>Prospective</b>	<b>10.5</b>	<b>28.3</b>	<b>67.7</b>

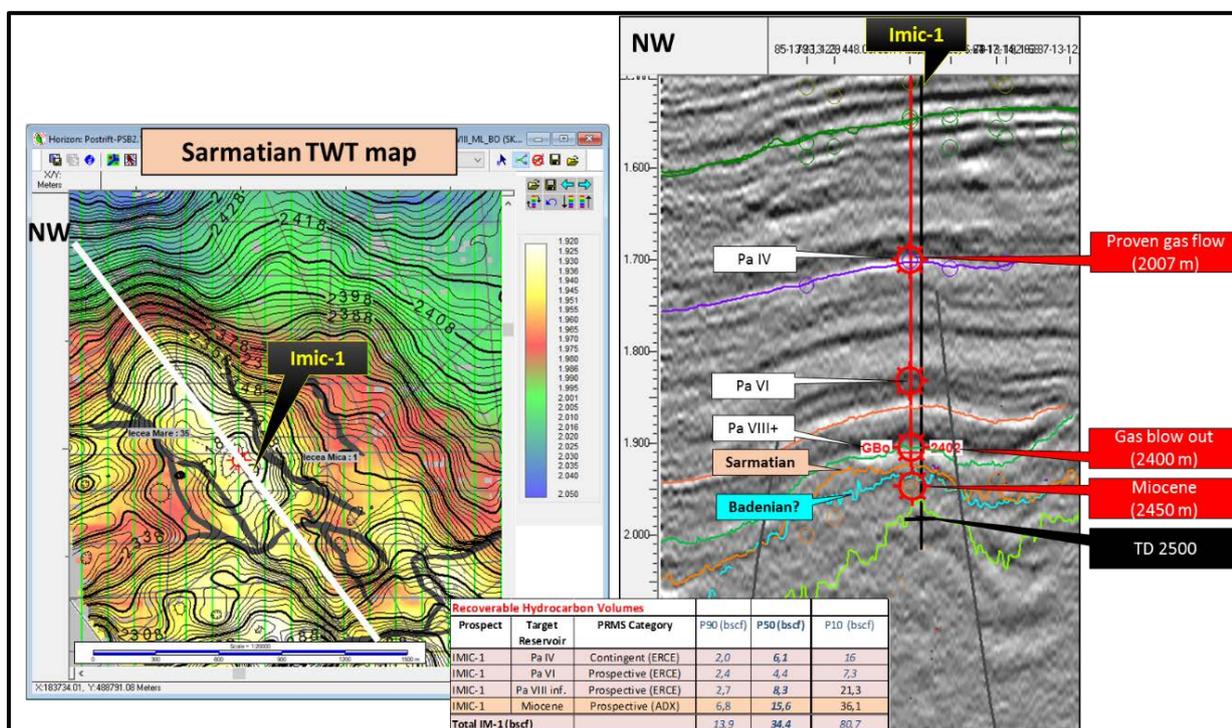
- Contingent Resources** are those quantities of petroleum estimated, as at a given date, to be potentially recoverable from known accumulations but, for which the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. 1C, 2C, 3C Estimates: in a probabilistic resource size distribution these are the estimates that have a respectively 90% (P90), 50% (P50) and 10% (P10) probability that the quantities actually recovered will be exceeded
- 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.



**A Simplified Stratigraphic X section through IM-1 and IM-2 showing the potential deeper Badenian (Miocene) build up carbonate play or the alternate fractured basement play.**

In addition to the ERCE independently assessed Contingent and Prospective Resource volumes shown in the previous table, IM-1 offers a larger deeper exploration potential which was not included in ERCE's estimates that can be reached within the current planned 2500 meters TD of the IM-1 well. It is predicted that the well will test a Badenian (Miocene) calcareous sandstone and a proven fractured basement play which has been successful in the Satchinez and Calacea fields 12km to the north of IM-1 well location. The Miocene Badenian age carbonate build up play is proven by gas discoveries to the East. Either one of, both of, or none of the deeper upside exploration plays may be present.

The Pa IV (Pannonian – Pliocene) horizon intersected in the original exploration discovery well tested at a rate of 1 MMSCFPD in 1989. It is expected the IM-1 well, with modern drilling and completion practices, will achieve significantly higher rates from this zone. Depending on which hydrocarbon charge model is assumed for the previously undrilled, deeper exploration plays there is also potential for an oil discovery at basement level. It should be noted that the previous Iacea Mare production license operator assessed the potential of the for the basement play to be in excess of 2 mmbbls of recoverable oil. ADX estimates 16 bscf for a best case recoverable prospective gas resource, assuming the intersection of a Miocene Badenian age (Miocene) calcareous sandstone is encountered as a gas bearing reservoir in a deeper exploration play success case.



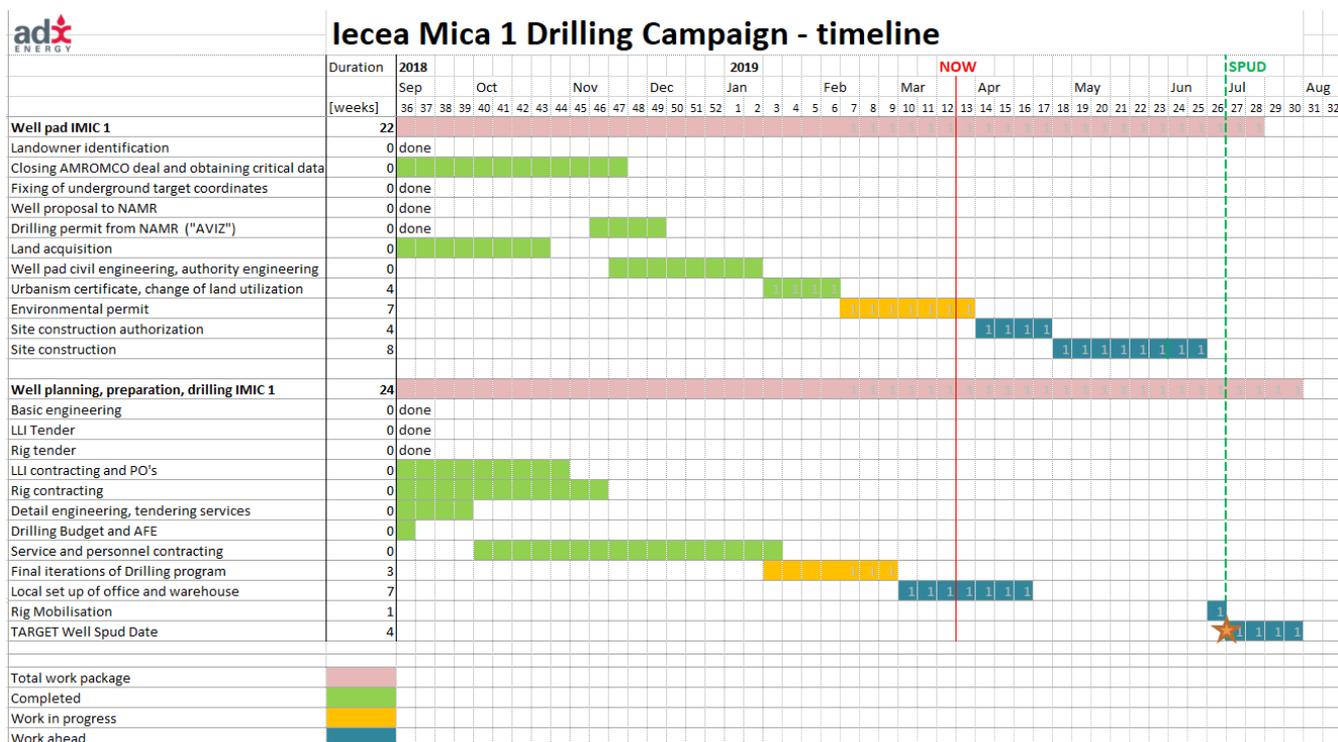
**IM-1 Map and 3D Seismic Section through IM-1 well location**

The above 3D seismic section through the IM-1 well location highlights the various currently identified reservoir targets and their respective depths. Note that the original exploration well only had electric logs down to the Pa VIII reservoir. The well was deepened further but experienced a major kick and overpressure around 2400 meters TVD that was not able to be tested. This is described as an uncontrolled flow in some old well reports for the discovery well.

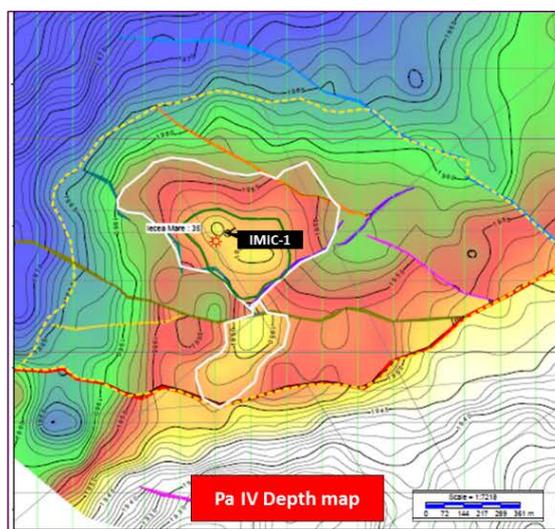
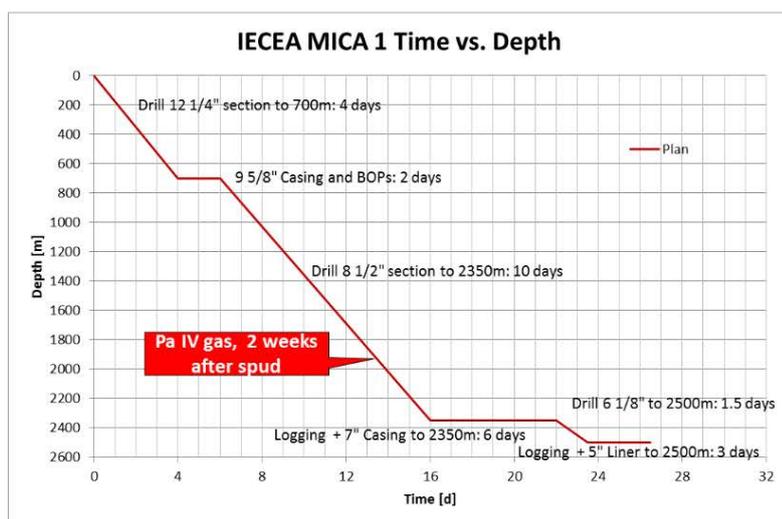
**Project Schedule, Well Program, Well Costs and Operational Readiness**

ADX has been active since mid-2018 to obtain all necessary permits and statutory approvals for the two wells. The program delay has resulted primarily due to Danube’s preference to drill the IM-1 well from within the Iecea Mare production license acquired from Amromco and the fact that the government authority could not issue a drilling permit (“AVIZ”) prior to ADX securing the transfer of the license to ADX Energy Panonia SRL. Furthermore the full data set utilized for prospect evaluation and planning for the production license was only handed over to ADX on the 19<sup>th</sup> December 2018.

The following schedule shows the timetable until the target spud date in late June 2019. The two key remaining milestones outside the control of ADX are the environmental permit and the construction authorization. Both are issued at a local county level (Timis County). Based on interactions with local authorities ADX is confident that these permits and authorizations will be by available the end of March and April respectively enabling site construction to be undertaken in April and May 2019. Importantly there is currently flexibility with the rig contractor TACROM in terms of having rig availability upon the achievement of operational readiness by ADX.



Due to expected overpressure starting around 2400 meters ("the historic well blow out reservoir") 7" casing is programmed to be run to a depth of 2350 meters TVD. The well will then be drilled through the overpressure zone in a smaller 6 1/8 " hole size and will reach TD around 2500 meters.



The most likely well cost estimate for the well is currently US\$3 million, including evaluation, logging and running casing. The above mentioned cost estimate does but not include well testing operations which are planned to be undertaken with a much smaller and cheaper work over unit. Included in the well cost estimate is a well head and production tubing which has already been purchased.

The IM-1 well is designed to enable the evaluation of an over pressured zone encountered in the original discovery well as well as highly prospective and potentially material deeper exploration targets not

reached previously. These deeper exploration targets now mapped on 3D seismic are particularly exciting due to their materiality and the fact they can potentially be reached at minimal incremental cost.

***Future Well Reporting***

ADX will provide further regular updates as we progress towards the spud date of IM-1 well.

***Asset Ownership Structure***

ADX holds a 67% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources Plc. Danube via its' Romanian subsidiary, ADX 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.

For further details please contact:

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**Chief Executive Officer**

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