

7 August 2020

ROMANIA WELL FLOW TEST OPERATIONS UPDATE No 5

“Preparation to Acidise and Flow Test Iecea Mica-1 Well.”

Key Points:

- ◆ **Services engaged** including coiled tubing, nitrogen and testing services to acidise and flow test the IMIC-1 well. Program start date expected within 4 weeks and duration 9 days. The majority of the services are available in Romania thereby minimising potential delays due to COVID-19 related border restrictions.
- ◆ **Decision to proceed** based on recently recovered down hole pressure measurements which confirm non depleted reservoir pressure and gradual influx of reservoir fluids from down hole sampling which has recovered methane and drilling mud filtrate.
- ◆ **Program objectives** to initiate flow by overcoming expected well bore damage which has been interpreted as preventing material flow from the well, determine reservoir fluid composition and the flow capacity of the PA IV reservoir.
- ◆ **Program Cost** is approximately Euro 230,000 including VAT and 10% contingency.
- ◆ **Expected benefits of acidisation** are the stimulation of the well in order to create flow paths for gas beyond the mud filter cake and drilling induced reservoir damage built up around the well bore while drilling and possible invasion into the reservoir. Acidisation is a very common practice for such reservoirs in Western Romania where over 20% of the reservoir is analysed from drilling cuttings to consist of calcite and siderite cement that can be dissolved by acid thereby enhancing near well bore permeability.
- ◆ **Further program updates** will be announced when acidisation and testing equipment is mobilised to site.

ADX Energy Ltd (ASX Code: **ADX**) advises that it has commenced contracting the necessary services to undertake acidisation and flow testing the Iecea Mica-1 (IMIC-1) in Iecea Mare Production License onshore Romania.

The decision to commence acidisation and testing has been taken by ADX and Reabold Resources PLC on behalf of Danube Petroleum Limited (Danube) ^{see Note 2} based on the results of down hole pressure measurements and down hole fluid sampling data in conjunction with the data obtained during the drilling of the well, rock typing analysis using drilling cuttings as well as data from a nearby historic well.

Recently acquired down hole pressure data has confirmed pressure build up to initial reservoir pressure of approximately 210 bars (3046 Psi) in PA IV reservoir. Previously acquired samples

of methane gas have been recovered from down hole sampling which recovered methane gas and drilling fluids from the reservoir. The recovery of drilling fluids from down hole samples is a further indication of well bore damage.

The objectives of the acidisation and testing program are to initiate flow by overcoming expected well bore damage which has been interpreted as preventing flow from the well, determine reservoir fluid composition and the flow capacity of the PA IV reservoir. (It should be noted that the PA IV reservoir has porosities in the order of 20%, based on petrophysical logs, and good indications of permeability from rock typing work and should not be regarded as a tight reservoir play per se).

Contracting of services and mobilisation of equipment is expected to take approximately 4 weeks and the program duration is expected to be 9 days. The approximate cost of the program is Euro 230,000 including VAT and 10% contingency.

ADX will contract and mobilise all the necessary acidisation equipment including a coiled tubing unit, nitrogen equipment and acid in Romania to stimulate the well and test it. The injection of acid into the reservoir is intended to create flow paths for reservoir gas beyond the mud filter cake built up around the well bore while drilling and possible invasion damage into the reservoir. Acidisation is common practice for such reservoirs in Romania. Laboratory testing undertaken on behalf of ADX indicates that over 20% of the reservoir calcite and siderite cement can be dissolved by acid thereby enhancing near well bore permeability.

Ongoing operational updates will be provided to shareholders over the coming weeks leading up to acidisation and testing operations.

Background Regarding IMIC-1 Drilling Results and Testing Objectives

(Refer to ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially affects the original estimates).

The IMIC-1 well encountered gas across three zones with a combined total arithmetic sum for the three zones of 20 BCF 2C contingent resources estimated (refer to table below). The well was suspended for future completion as a producer following testing. Testing was deferred until down hole well production equipment was manufactured and then further delayed due to border closures caused by the COVID-19 pandemic which delayed testing operations.

Testing will concentrate on the PA IV sand (Pliocene age) which is a proven reservoir and has the greatest upside reserves potential of the 3 hydrocarbon bearing reservoir intervals intersected in the IMIC-1 well (refer to table below). This reservoir unit has a large stratigraphic upside potential which will be further quantified in the near future with the planned high resolution 2D seismic program scheduled for the third quarter of 2020.

The testing program has been designed to determine the production capacity of the well through multiple flow rate measurements and pressure build up response measurements. Produced gas will be sampled to determine the suitability of the IMIC-1 gas composition for commercial sales. The expectation based on mudlog data and nearby analogues is that a dry gas will be produced which will require minimal processing prior to market delivery.

Following the completion of the production testing program, the well will be shut in awaiting commercial production at a future time.

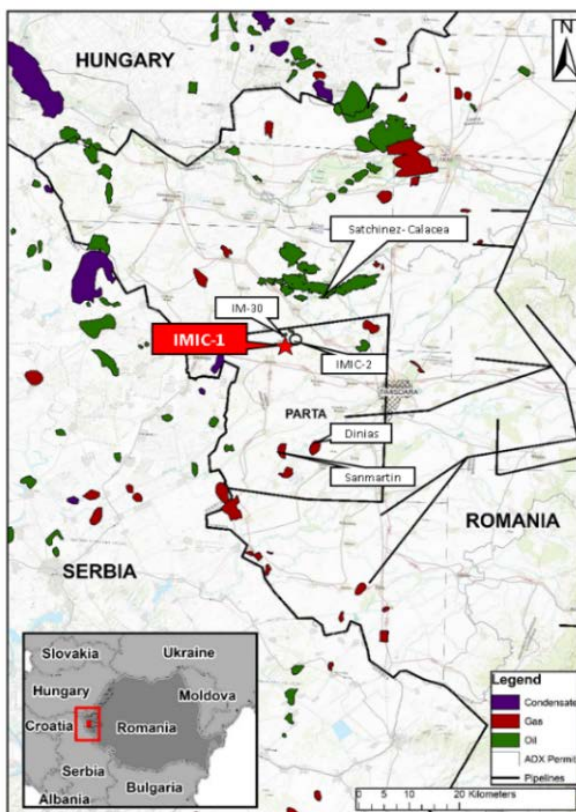
IMIC-1 Contingent Recoverable Resources Estimates <small>(Note 1)</small>					
Discovery Well	Hydrocarbon Reservoir	Reservoir Top Depth (meters MD)	1C (bscf)	2C (bscf)	3C (bscf)
IMIC-1	Pa III	1851	1.9	2.7	3.9
IMIC-1	Pa IV	2033	3.0	11.0	40.0
IMIC-1	Pa V	2140	2.3	6.3	10.8
TOTAL Arithmetic Sum of Recoverable Volumes (bscf)			7.2	20.0	54.7

(Refer ADX Release dated 9/9/2019 and note that ADX is not aware of any information or data that materially affects the original estimates)

Note 1: 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.

Gas Resource Assessment

The resource potential of the three gas reservoirs intersected at IMIC-1 will be further assessed utilising high resolution 2D seismic that will be acquired across IMIC-1 and potential IMIC-2 accumulations. The appraisal seismic is expected to better define the extent of gas zones where ADX has interpreted substantial stratigraphic resource upside (refer to ASX announcement on 9 September 2019). The appraisal seismic will be acquired in conjunction with the planned 3D seismic program during the 3rd quarter of 2020 in close proximity to the IMIC-1 and the IMIC-2 wells.



Location Map showing IMIC-1 location and the surrounding Parta exploration license

Note 2: Asset Ownership Structure

ADX holds a 49% shareholding in Danube Petroleum Limited (Danube). The remaining shareholding in Danube is held by Reabold Resources PLC. Danube via its Romanian subsidiary, ADX Energy Panonia srl, holds:

- a 100% interest in the Parta Exploration license in Romania (including a 100% interest in the Parta Sole Risk Area). Upon completion of a farmin by Tamaska Oil & Gas Limited's subsidiary Parta Energy Pty Ltd, Danube will hold a 50% interest in the Parta Exploration License; and
- a 100% interest in the Iecea Mare Production license in Romania (which hosts the IMIC-1 well and future IMIC-2 well).

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

Disclaimer

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Persons compiling information about Hydrocarbons.

Pursuant to the requirements of the ASX Listing Rules 5.41 and 5.42, the technical and resource information contained in this presentation has been reviewed by Paul Fink, Technical Director of ADX Energy Limited. Mr. Fink is a qualified geophysicist with 23 years of technical, commercial and management experience in exploration for, appraisal and development of oil and gas resources. Mr. Fink has reviewed the results, procedures and data contained in this announcement and considers the resource estimates to be fairly represented. Mr. Fink has consented to the inclusion of this information in the form and context in which it appears. Mr. Fink is a member of the EAGE (European Association of Geoscientists & Engineers) and FIDIC (Federation of Consulting Engineers).